

BBH Intermediate Duration

Strategy Fact Sheet / 2Q 2020

PRINCIPAL STRATEGY AND OBJECTIVES

We seek to design our separately managed fixed income portfolios to deliver competitive results relative to standard industry benchmarks. BBH employs a collaborative, team-based approach. Our independent research serves as the foundation of our bottom-up investment process. We only invest in credits we believe to be durable, well-managed, appropriately structured, and transparent. We apply a proprietary quantitative framework to help assess each security's valuation and its long-term return potential. When opportunities to purchase securities that meet both our credit and valuation criteria are not available, we own Treasuries or other liquid reserves.

INVESTMENT CRITERIA

BBH Investment Management (IM) applies a disciplined investment selection process focused on the following attributes:

- The Strategy expects to invest across many sectors, but will typically hold corporate debt, asset-backed securities, commercial mortgage-backed securities, agency mortgage-backed securities, and select municipal obligations.
- The Strategy seeks durable Credits¹ that are attractively priced. When durable and attractively-priced credits are not available, the Strategy will invest in Treasury and cash instruments while seeking new opportunities.
- An attractive price is one that not only offers appropriate compensation for liquidity, credit, prepayment, or extension risks, but also provides additional compensation for the likelihood of additional excess returns over time.
- Durable Credits typically share the following characteristics:
 - Are able to withstand a wide variety of economic scenarios.
 - Enjoy strong market position and/or proprietary products and/or have recourse to independently valuable collateral.
 - Provide transparency to investors.
 - Have a strong management team with a track record, a balanced approach towards creditors and equity investors and an alignment of interests with investors.
 - Maintain leverage and structure that is appropriate through business cycles.
 - Avoid unacceptable environmental, social and governance ("ESG") risks.

¹ 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.

PORTFOLIO CO-MANAGERS



Andrew P. Hofer

Mr. Hofer is head of Taxable Fixed Income. He joined Investment Management in 1998 as Head of Insurance Asset Management, and from 2003-2006 was Investment Management's Chief Operating Officer and Head of Risk Management. Mr. Hofer earned a BA in East Asian studies from Yale, and an MIA (Master of International Affairs) from Columbia University.



Neil Hohmann, PhD

Mr. Hohmann has been Head of Structured Products at BBH since 2007. He is also involved in the management of BBH's fixed income positions in financial companies. Mr. Hohmann graduated Magna Cum Laude with Distinction from Yale University and earned his PhD in Economics from the University of Chicago.



Paul Kunz

Mr. Kunz is the Head of Corporate Credit. He joined BBH in 2013 as a portfolio manager. Mr. Kunz earned a BS in Finance from Villanova University, a JD from St. John's University School of Law, an LLM in Corporate Law from New York University School of Law, and he is a CFA Charter holder.

PRINCIPLES OF FIXED INCOME INVESTING

- **Investment Objective²:** The Strategy seeks to provide maximum total return, consistent with preservation of capital and prudent investment management.
- **Emphasis on Capital Preservation:** The Strategy will seek to maintain a high-quality bias through the purchase of securities where our own independent analysis suggests a very low probability of any interruption in the timely payment of interest or principal.
- **Diversification:** The Strategy will typically hold 75 to 150 Credits, with most positions accounting for 0.5% to 1.5% of the portfolio's market value. Our highest conviction holdings may be up to 3.0% of the portfolio's value at purchase.
- **Liquidity:** The Strategy seeks to only own Credits that are readily marketable.
- **Long-term Perspective:** Many investment strategies are built around short-term expectations, momentum following and frequent trading. We believe that a longer-term view of both companies and investments leads to stronger results and risk control over market cycles.

² There can be no assurance that the Strategy will achieve its investment objectives.

Performance
As of June 30, 2020

Total Returns

Average Annual Total Returns

Composite/Benchmark	Total Returns		Average Annual Total Returns				Since Inception
	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	
BBH Intermediate Duration Composite (Gross of Fees)	3.63%	4.36%	6.29%	4.34%	3.43%	3.42%	6.28%
BBH Intermediate Duration Composite (Net of Fees)	3.57%	4.23%	6.03%	4.08%	3.18%	3.17%	6.02%
Bloomberg Barclays Interm. G/C Index	2.81%	5.28%	7.12%	4.43%	3.46%	3.12%	6.03%

* Returns are not annualized.

Sources: BBH & Co. and Bloomberg

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 sold, may be worth more or less than the original cost.

Representative Account
Credit Quality
As of June 30, 2020

	Representative Account	Bloomberg Barclays Interm. G/C Index
Cash and Cash Equivalents	1.0%	0.0%
U.S. Treasuries	20.7%	57.7%
AAA	9.8%	5.6%
AA	9.3%	4.3%
A	20.8%	15.4%
BBB	29.8%	17.1%
BB or Lower	8.0%	0.0%
Not Rated	0.6%	0.0%
Total	100.0%	100.0%

Representative Account
Sector Distribution
As of June 30, 2020

	Representative Account	Bloomberg Barclays Interm. G/C Index
Cash and Cash Equivalents	1.0%	0.0%
U.S. Treasuries	15.2%	57.7%
U.S. Inflation-Indexed Securities	5.4%	0.0%
Government-Related	0.0%	8.8%
Agency Mortgage-Backed Securities	0.0%	0.0%
Corporate Securities	43.9%	33.5%
Commercial Mortgage-Backed Securities	5.8%	0.0%
Asset-Backed Securities	26.1%	0.0%
Residential Mortgage-Backed Securities	1.7%	0.0%
Municipal Securities	0.8%	0.0%
Total	100.0%	100.0%

Representative Account
Duration Distribution
As of June 30, 2020

	Representative Account	Bloomberg Barclays Interm. G/C Index
0 - 2 Yrs.	27.7%	21.2%
2 - 4 Yrs.	22.2%	30.9%
4 - 6 Yrs.	28.1%	26.2%
6 - 8 Yrs.	17.0%	16.2%
8 - 12 Yrs.	5.0%	5.5%
12 - 17 Yrs.	0.0%	0.0%
17+ Yrs.	0.0%	0.0%
Total	100.0%	100.0%

Representative Account
Top 10 Credits
As of June 30, 2020

Hercules Capital Funding Trust	1.6%
Freedom Financial	1.5%
Sirius International Group Ltd	1.4%
Cascade Funding Mortgage Trust	1.4%
Owl Rock Capital Corp	1.3%
Newtek Small Business Loan Trust	1.3%
MEDNAX Inc	1.3%
FS KKR Capital Corp	1.3%
MSC 2019-BPR	1.2%
United Insurance Holdings Corp	1.2%
Total	13.6%

Representative Account
Portfolio Characteristics
As of June 30, 2020

	Representative Account	Bloomberg Barclays Interm. G/C Index
Effective Duration (years)	3.87	4.02
Yield to Maturity	3.12%	0.76%

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

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

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 the account whose investment guidelines allow the greatest flexibility to express active management positions. It is managed with the same investment objectives and employs substantially the same investment philosophy and processes as the proposed investment strategy.

For purpose of complying with the GIPS® standards, the firm is defined as Brown Brothers Harriman Investment Management ("IM"). IM is a division of Brown Brothers Harriman & Co. ("BBH"). IM claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of IM and/or a presentation that complies with the GIPS standards, contact John W. Ackler at (212) 493-8247, or via email at john.ackler@bbh.com.

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. Time Weighted Rate of Return is used to determine performance of a portfolio in a Composite. A portfolio's rate of return is the percentage change from the beginning balance to the ending balance of the period. Capital changes as well as dividends and other income earned during a period are included in the ending balance. Any reinvestment of dividends or other income will be reflected in the beginning balance of the following period. Sub-periods returns are linked to calculate a portfolio return for the period. Performance calculated in U.S. dollars.

The Composite is comprised of fully discretionary, fee-paying fixed income accounts over \$5 million that are invested in governments and corporates, with a duration of approximately 3 years. Accounts are benchmarked to the Barclays index or equivalent. The index includes reinvestment of income. The Bloomberg Barclays U.S. Intermediate Government/Credit Index is a subset of the Bloomberg Barclays Capital U.S. Government/Credit Index. The index includes U.S. dollar-denominated investment grade Government and Corporate securities. The maturity of securities in the index is between 1 and 10 years. One cannot invest directly in an index.

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May Lose Money

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