

BBH Intermediate Municipal

Strategy Fact Sheet / 2Q 2020

PRINCIPAL STRATEGY AND OBJECTIVES

The BBH Intermediate Municipal Strategy seeks to protect investors' capital and generate attractive risk-adjusted returns by combining thorough, independent credit research and a unique valuation discipline to identify undervalued municipal securities. The Strategy invests in a long-term, tax-aware manner and applies a bottom-up, fundamental investment approach.

INVESTMENT CRITERIA

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

- Durable operating model
- Provides essential services with proven pledged revenues
- Sound long-term planning with an appropriate balance between stakeholders
- Financial flexibility, including rate autonomy and healthy liquidity
- Strong coverage with suitable covenant protections
- On-time financial filings

We also take into consideration environmental, social and governance ("ESG") factors, and seek to avoid any material unmitigated risks.

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

Mr. Steier joined BBH in 1992 and became a Managing Director of the firm in 2006. Mr. Steier currently serves as Head of Tax-Exempt Fixed Income at BBH. In addition to his fixed income responsibilities, Mr. Steier serves on BBH's Asset-Liability Committee. Mr. Steier holds a BS in Accounting and an MBA in Finance from New York University's Stern School of Business.

PRINCIPLES OF TAX-EXEMPT FIXED INCOME INVESTING

- **Investment Objective:** 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 portfolio management team generally expects to target between 75-125 obligors in major sub-sectors.
- **Taxes:** Tax considerations are an important part of the investment process. The Fund invests in a tax-aware manner with an expected annual turnover of less than 25%.
- **Long-term perspective:** Many investment strategies are built around short-term expectations, momentum, and frequent trading. We believe that a long-term view of municipal credit analysis leads to stronger results and risk control over market cycles.

Performance
As of June 30, 2020

Composite/Benchmark	Total Returns		Average Annual Total Returns				
	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
BBH Intermediate Municipal Composite (Gross of Fees)	2.72%	2.58%	4.81%	4.26%	3.85%	3.76%	4.18%
BBH Intermediate Municipal Composite (Net of Fees)	2.61%	2.38%	4.42%	3.89%	3.49%	3.40%	3.82%
Bloomberg Barclays 1-10 Yr. Municipal Bond Index	2.69%	2.12%	3.83%	3.29%	2.97%	3.09%	3.77%

* 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 1-10 Yr. Municipal Bond Index
Cash and Cash Equivalents	0.2%	0.0%
U.S. Treasuries	0.0%	0.0%
AAA	24.5%	18.1%
AA	38.3%	52.9%
A	32.9%	22.1%
BBB	4.1%	6.9%
BB or Lower	0.0%	0.0%
Not Rated	0.0%	0.0%
Total	100.0%	100.0%

Representative Account Duration Distribution As of June 30, 2020		
	Representative Account	Bloomberg Barclays 1-10 Yr. Municipal Bond Index
0 - 2 Yrs.	24.0%	21.8%
2 - 4 Yrs.	23.0%	32.3%
4 - 6 Yrs.	25.5%	28.3%
6 - 8 Yrs.	19.0%	15.2%
8 - 12 Yrs.	8.5%	2.3%
12 - 17 Yrs.	0.0%	0.0%
17+ Yrs.	0.0%	0.0%
Total	100.0%	100.0%

Representative Account Portfolio Characteristics As of June 30, 2020		
	Representative Account	Bloomberg Barclays 1-10 Yr. Municipal Bond Index
Effective Duration (years)	4.05	3.82
Yield to Worst	1.32%	0.98%

Representative Account Sector Distribution As of June 30, 2020		
	Representative Account	Bloomberg Barclays 1-10 Yr. Municipal Bond Index
Cash and Cash Equivalents	2.6%	0.0%
General Obligations	29.5%	32.5%
Pre-Refunded	0.8%	10.9%
Taxable	0.0%	0.0%
Revenues Total:	67.0%	56.6%
Hospital	1.6%	3.7%
Special Tax	4.5%	8.0%
Transportation	8.4%	11.5%
Leasing	4.5%	6.3%
Power	5.0%	3.7%
Water	1.0%	6.4%
Airport	1.9%	0.0%
Other	31.4%	17.0%
Total	100.0%	100.0%

Representative Account Top 10 Obligors As of June 30, 2020	
California School District General Obligations	7.7%
Minnesota Housing Finance Agency	3.4%
State of New Jersey	3.1%
Texas Department of Housing and Community Affairs	2.7%
New Mexico Mortgage Finance Authority	2.6%
Texas Municipal Gas Acquisition and Supply Corp II	2.4%
Philadelphia, PA School District	2.4%
State of Ohio	2.4%
Texas Municipal Gas Acquisition and Supply Corp	2.3%
Michigan Qualified School Bond Loan Fund	2.3%
Total	31.3%

Yield to Worst is the lowest yield an investor can expect when there is optionality on the bond (i.e., call or put, etc.). Yield to Maturity and Yield to Worst are 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. 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.

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.

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.

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. Performance calculated in U.S. dollars.

The Composite is comprised of fully discretionary, fee-paying municipal fixed income accounts over \$5 million that are managed to an average duration of approximately 4.5 years. Accounts are benchmarked to the Barclays index or equivalent. The Bloomberg Barclays 1-10 Year Municipal Blend Index is a market value-weighted index which covers the short and intermediate components of the Barclays Municipal Bond Index --an unmanaged, market value-weighted index which covers the U.S. investment-grade tax-exempt bond market. The 1-10 Year Municipal Blend index tracks tax-exempt municipal General Obligation, Revenue, Insured, and Prerefunded bonds with a minimum \$5 million par amount outstanding, issued as part of a transaction of at least \$50 million, and with a remaining maturity from 1 up to (but not including) 12 years. The index includes reinvestment of income. The Bloomberg Barclays 1-10 Year Municipal Bond Index is a rules-based, market-value-weighted index for the long-term tax-exempt bond market.

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