

Brown Brothers Harriman Mutual Fund Advisory Department

Form ADV Part 2A

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BROWN 
BROTHERS
HARRIMAN

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Mutual Fund Advisory Department

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This Brochure provides information about the qualifications and business practices of Brown Brothers Harriman Mutual Fund Advisory Department. If you have any questions about the content of this Brochure, please contact us at 212-493-8981. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about the investment adviser is also available on the SEC's website at www.adviserinfo.sec.gov.

MATERIAL UPDATES

This is the SID's first required Brochure. Material changes in this Brochure are related to the addition of the SID's management of the UCITS Funds.

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ITEM 4 ADVISORY BUSINESS

This Brochure provides an overview of the investment management services of a “Separately Identifiable Department” (the “SID”) of Brown Brothers Harriman & Co. (“BBH”). The SID, also known as the “Brown Brothers Harriman Mutual Fund Advisory Department,” is an SEC registered investment adviser. The SID is an adviser to mutual funds that are registered under the Investment Company Act of 1940, as amended (“Mutual Funds”) and to collective investment funds organized as Undertakings for Collective Investments in Transferable Securities (“UCITS Funds”). It should be noted that the SID was appointed the investment manager for the UCITS Funds as of March 31, 2016. In this Brochure, we refer to Mutual Funds and UCITS Funds together as “Funds.” The SID first registered with the SEC in 2001.

BBH is a bank, organized as a New York limited partnership. As a bank, BBH is exempt from registration with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). This Brochure is not intended to state or imply that BBH is a registered investment adviser or that it is subject to the requirements of the Advisers Act, other than as identified below. This Brochure is not an offering document for the Funds, and all descriptions of the Funds and their objectives, strategies, and risks are set forth in their entirety by the Prospectus and Statement of Additional Information for the Mutual Funds and the Prospectus and the Key Investor Information Document for the UCITS Funds.

BBH was founded in 1818 and remains one of the oldest continuously operated partnership banks in the United States. In addition to offering a range of investment management services for individuals, families and institutions, BBH participates in businesses, including, but not limited to: global custody, foreign exchange, lending, private equity investing, and personal trust & estate administration.

Licensed by the New York State Department of Financial Services (“NYSDFS”) as a Private Banker, BBH is authorized to accept deposits, grant loans, and generally conduct a banking business including acting as a custodian of funds and securities. Assets held at BBH are not FDIC insured and are subject to investment risks, including possible loss of principal invested. BBH is also a member firm of the Financial Industry Regulatory Authority.

The SID hires entities to provide sub-advisory and other investment-related services to certain Funds. These third-party sub-advisers are themselves advisers to other investment advisers or vehicles, including their own proprietary funds. The SID reviews the sub-advised portfolio’s compliance with portfolio investment guidelines.

As of December 31, 2015, the SID had \$11,898,834,004 in discretionary assets under management (net assets in the Mutual Funds).

ITEM 5 FEES AND COMPENSATION

• Management Fees

Generally, the SID charges fees based on a percentage of assets under management. Fees are negotiable and are set forth in each Fund's prospectus or other offering document. Advisory fees may be billed either monthly or quarterly, in advance or in arrears, and are deducted from the Fund's assets or billed to the Fund, depending upon the SID's contract with the Fund.

Typically, either the SID or a Fund may terminate an investment management contract at any time by written notice given to the other party at least 30 days prior to the date on which such termination is to take place, or as may otherwise be provided in the agreement. In the event of termination, a pro rata refund of any pre-paid advisory fees will be made, or if fees are charged in arrears, fees will be pro-rated based on the termination date.

• Additional Fees

In most cases the broker executing a trade on the Fund's behalf will charge a commission (equity securities) or earn a markup/mark down (fixed income securities) and the SID will debit those charges from the client account. Neither the SID nor BBH earns commissions or other transaction fees in connection with directing investment advisory trade orders to third party brokers for execution; however, the SID does receive credits from certain brokers toward the receipt of qualifying research or other services in accordance with applicable law. Please refer to Item 10, "Brokerage Practices," for additional information.

ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The SID offers investment advisory services to multiple Funds with different investment objectives, guidelines and policies, and with different fee structures. The SID does not receive performance-based fees.

ITEM 7 TYPES OF CLIENTS

The SID advises Mutual Funds and UCITS Funds.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Introduction

The SID's equity investment philosophy centers on active management and fundamental analysis of individual companies. We seek to invest primarily in cash generative businesses that are leading providers of essential products and services. We believe that purchasing the equity securities of such companies when they are trading at a discount to our estimate of intrinsic value is an effective way to enjoy the benefits of equity ownership (namely, higher capital appreciation over time) while reducing

the risk of permanent capital loss over the long term. While the SID typically takes a long-term investment approach to managing client accounts, we may at times engage in short-term trading (i.e., holding securities less than 30 days).

Equity Securities

• Investment Strategies

The types of equity securities that the SID may invest in on behalf of the Funds include, without limitation, cash market securities such as exchange-listed securities, securities traded over-the-counter, foreign issuers, and exchange-traded funds (“ETFs”). The SID may also invest, when appropriate, in portfolios of derivative instruments such as warrants, commodity interests (e.g., forwards, futures and swaps) and options. In most cases, derivative investments will involve greater volatility and more limited liquidity than cash market investments. The potential for gain or loss exists in both the cash and derivatives markets obligations.

• Methods of Analysis

Our equity investment team consists of portfolio managers supported by investment analysts who follow specific industry sectors and work collaboratively with each other to identify, analyze, and monitor portfolio companies. The analysts evaluate industry structure, and they communicate with knowledgeable industry participants and, when appropriate, company management teams, to assess whether companies meet our business, management, and valuation criteria. Where warranted, they also use outside consultants and research materials. Generally, for each investee company, the analysts seek to identify the key business risks and variables outside of management’s control. Outside research materials/analytical tools used may include:

Research Materials / Analytical Tools
• Annual reports, prospectuses, filings
• Company press releases and presentations
• Inspections of corporate facilities and activities
• Financial newspapers and industry publications / websites
• Expert networks
• Research provided by third parties

• Specific Service Offerings

Equity

Equity investment management services provided to the Funds include one or more of the following:

❖ Core Select: “Core Select” is the SID’s primary proprietary large cap public equity investment management strategy. Investments in equity securities will generally be in large capitalized North

American companies with a market value of at least \$5 billion. For our Core Select portfolios we employ fundamental analysis and seek to analyze each company's business, management, and valuation. The criteria that we seek in each area, where appropriate, are as follows:

- Business Criteria – (i) essential products or services, (ii) loyal customers, (iii) leadership in an attractive market niche or industry, (iv) sustainable competitive advantages, (v) high returns on invested capital, and (vi) strong free cash flow;
- Management Criteria – (i) high levels of integrity, (ii) excellent operators, and (iii) strong capital allocation; and
- Valuation Criteria – a meaningful discount to a growing estimated intrinsic value per share. Intrinsic value calculations are based on the SID's analyses of free cash flow and return-on-invested capital.

Core Select seeks to provide investors with long-term growth of capital and to generate attractive returns over time. We seek to own approximately 20-30 companies in Core Select equity portfolios which we believe provides reasonable diversification across industries, while enabling us to invest in a relatively concentrated portfolio of companies that meet our demanding business and valuation criteria. When purchasing a company, our time horizon is typically three to five years, but, investments are sold if they appreciate above our estimate of intrinsic value. We seek to follow a "buy and own approach" by owning businesses over many years which we believe leads to stronger results and risk control over market cycles. Additionally, our targeted holding period of three to five years helps us minimize taxes and trading costs. It should be noted that we may make temporary investments in response to adverse market, economic, or political conditions.

❖ Global Core Select: "Global Core Select" portfolios are comprised of at least 40% non-U.S. companies (based on country of incorporation) under normal circumstances. Investments in equity securities will generally be in large and mid-cap companies with a market capitalization of at least \$3 billion. The strategy may invest in equity securities, depositary receipts, participation agreements and other derivative instruments to gain exposure to non- U.S. companies. Securities may be purchased in currencies other than the U.S. dollar that may or may not be hedged. The business, management, and valuation criteria that we seek in each area, where appropriate, are as follows:

- Business Criteria – (i) essential products or services, (ii) loyal customers, (iii) leadership in an attractive market niche or industry, (iv) sustainable competitive advantages, (v) high returns on invested capital, and (vi) strong free cash flow;
- Management Criteria – ((i) high levels of integrity, (ii) excellent operators, and (iii) strong capital allocation; and
- Valuation Criteria – a meaningful discount to a growing estimated intrinsic value per share. Intrinsic value calculations are based on the SID's analyses of free cash flow and return-on-invested capital.

Global Core Select seeks to provide investors with long-term growth of capital and to generate attractive returns over time. The strategy seeks to invest in approximately 30-40 companies that meet its demanding investment criteria. When purchasing a company, our time horizon is typically three to five years, but, investments are sold if they appreciate above our estimate of intrinsic value. We seek to follow a “buy and own approach” by owning businesses over many years which we believe leads to stronger results and risk control over market cycles. Additionally, our targeted holding period of three to five years helps us minimize taxes and trading costs. It should be noted that we may make temporary investments in response to adverse market, economic, or political conditions.

❖ International Equity: the “International Equity” portfolio primarily invests in the equity securities of companies in the developed markets of the world, excluding the United States. Developed markets include markets listed in the MSCI-EAFE and Canada. The Fund may invest up to 15% of its assets in companies domiciled in emerging markets. Although the Fund is expected to invest primarily in common stocks, it may also invest in other securities with equity characteristics. Securities may be purchased in currencies other than the U.S. dollar. For our International Equity portfolios we employ fundamental analysis and seek to analyze each company’s business, management, and valuation. The criteria that we seek in each area, where appropriate, are as follows:

- Business Criteria – (i) successful customer service, (ii) high rates of internal return, (iii) growth and sustainability, (iv) financial health based on internal cash generation, (v) market leadership, and (vi) barriers to entry in the market;
- Management Criteria – “Manager of managers” approach; and
- Valuation Criteria – Dividend discount models focus on valuation at the company, currency, and country levels. Company valuations consider company balance sheets, cash flow statements, and income statements. Currency valuations are based on long-term purchasing power parity. Country valuations consider the economic, demographic, and sociopolitical environment.

The Fund intends to operate as a “non-diversified company,” meaning that the Fund may invest a significant portion of its assets in the securities of a limited number of issuers.

Fixed Income

• Investment Strategy

The SID uses a fundamental, value-based approach to fixed income management. Our fixed income management philosophy is grounded in the belief that credit spreads are more volatile than underlying fundamentals, creating substantial misalignments of value and price. To take advantage of these opportunities we follow a patient, value-driven strategy.

We use a team approach to execute our strategy, reviewing the research and knowledge of analysts, portfolio managers and traders in a process of transparent and open debate. The team uses well-established credit criteria to identify potential credits for portfolio inclusion. Credit valuations drive portfolio construction, that is, we build sector allocations and portfolios “bottom-up” based on the quantity and intensity of individual available valuation opportunities.

We believe that preservation of capital is critical to investing success. We attempt to manage this risk through independent fundamental research and valuation discipline rather than any particular benchmark. There is no guarantee that a particular account will achieve its investment objectives.

• Investment Types

Fixed-income investments may include cash market corporate debt, asset-backed securities, municipal securities, U.S. and non-U.S. government securities, and investment-grade securities issued by U.S. and non-U.S. corporations and financial institutions. Certain fixed-income strategies may also include investments in commodity interests (e.g., treasury futures), derivative/structured products, including swaps, fixed or floating rate loans or similar instruments that involve greater volatility and more limited liquidity than cash market fixed-income securities. Cash market and derivatives fixed income instruments can create gains or losses to client accounts depending upon security-specific, market and macroeconomic factors.

• Methods of Analysis

The majority of our fixed income analysis and research is performed internally. Both credit and quantitative analysis are fundamental parts of our investment management process. We have structured our fixed income team to allow for functional specialization in the following areas:

Credit	Quantitative
• Security Analysis	• Expected Returns
• Monitoring	• Model Development
• Industry Trends	• Optimization
• Credit Trends	• Risk Quantification
	• Return Attribution

Outside research materials/analytical tools used may include:

Research Materials / Analytical Tools

Financial newspapers and industry publications
• Inspections of corporate facilities and activities
• Research prepared by third parties
• Rating services
• Collateral tracking and data services
• Annual reports, prospectuses, and filings
• Company press releases

• Specific Service Offerings

Fixed income investment management services provided to the Funds include one or more of the following:

❖ Limited and Short Duration: “Limited Duration” and “Short Duration” portfolios seek to invest in diversified portfolios of fixed income instruments but in portfolios with generally less than half of the exposure to rising Treasury rates than a typical ‘core’ portfolio. The investments will primarily focus on notes and bonds issued by domestic corporations, foreign corporations, financial institutions, the U.S. Government, and other Government agencies. The Fund may also invest in asset-backed securities, mortgage backed securities, sovereign debt, money market instruments, repurchase agreements and derivative instruments to meet its investment objective. Investments may include securities rated below investment grade if the SID believes that the additional income from these securities justifies the higher risk. For our Limited Duration portfolios we employ fundamental analysis and seek certain criteria for different investments.

➤ Corporate Bond Investment Criteria – (i) companies with durable business models that produce stable cash flows, (ii) companies with balance sheets with appropriate leverage and assets that can be monetized, (iii) company management that takes a long-term view of protecting their company’s assets, (iv) securities that are attractively priced relative to instruments of comparable quality, and (v) debt that is unlikely to be subject to material price decline due to real or perceived deterioration in credit quality.

➤ Asset-backed Securities Investment Criteria – (i) ABS securities for which the SID is able to analyze the fundamental value and performance of the underlying financial asset, (ii) issues where the sponsor has a meaningful interest in the health of the securitization, (iii) ABS securities with relatively predictable average lives, and (iv) ABS securities with a margin of safety.

❖ Intermediate Municipal Bond: the “Intermediate Municipal Bond” portfolio seeks to primarily invest in a diversified portfolio of investment grade fixed, variable, or floating-rate municipal bonds issued by states, territories and possessions of the United States and the District of Columbia. Under normal circumstances, the Fund will invest at least 80% of its net assets, plus any borrowings for investment purposes, in municipal bonds that generally pay tax-exempt interest. The Fund may invest up to 20% of its total assets in securities that are not municipal securities, including the following: notes and bonds issued by domestic or foreign corporations, notes and bonds issued by financial institutions, various asset-backed securities, repurchase agreements, derivatives, and sovereign debt. The Fund may invest more than 25% of its total assets in municipal securities whose issues are located in any one state. In pursuing this strategy, the issuer and management criteria that we seek are as follows:

➤ Issuer Criteria – (i) provides essential services, (ii) strong competitive position, (iii) financial strength, (iv) robust operating model with pricing flexibility, (v) strong revenue stream, (vi) strong coverage and covenant protection, and, (vii) on-time financial filings.

➤ Management Criteria – (i) willingness to exercise rate autonomy, (ii) positive operating performance, (iii) sound capital expenditure plans, and (iv) responsible use of derivatives.

The strategy seeks to target between 75-125 securities in major sub-sectors of the municipal bond market. Tax considerations play an important part in our buy and sell decisions as tax hurdle rates can be quite high. As a result, we take a long-term, tax aware investment approach with holding periods of

four to five years.

❖ Money Market: the “Money Market” portfolio seeks to invest in a liquid, well-diversified portfolio of high quality money market instruments focused on U.S. dollar-denominated Government securities, bank obligations, commercial paper, repurchase agreements, municipal bonds, and corporate bonds. The Fund seeks to maintain a stable \$1.00 per share price. For our Money Market portfolios we employ fundamental analysis and seek certain criteria for different investments.

➤ Business Criteria –(i) durable business models, (ii) stable cash flows, (iii) balance sheets with appropriate leverage and assets that can be monetized; and

➤ Management – takes a long-term, balanced view of protecting their company’s access to all capital markets.

• Treasury Futures

The SID may use U.S. Treasury futures contracts for a variety of purposes in connection with the management of the interest rate exposure of client portfolios. The SID's use of such contracts for a portfolio could include, but is not limited to, adjusting the overall interest rate exposure, or “duration,” of the portfolio; changing the exposure of the portfolio to different parts of the yield curve; offsetting the impact of special situations that affect specific securities (e.g., tender offers); and maintaining portfolio interest rate exposure as large portfolio contributions or withdrawals occur. The SID's use of Treasury futures is subject to a client’s investment guidelines and the client’s completion of the necessary documentation with a futures commission merchant. The SID is not a futures commission merchant.

While transactions in Treasury futures may reduce certain risks, these transactions themselves entail certain other risks. Unanticipated changes in interest rates or securities prices may result in a poorer overall performance for a portfolio than if it had not entered into any Treasury futures transactions. In the event of adverse price movements, a portfolio may be required to make daily cash payments to maintain its required margin. If the portfolio has insufficient cash, it may have to sell portfolio securities to meet daily margin requirements at a time when the portfolio manager would not otherwise elect to do so. In addition, a portfolio may be required to deliver or take delivery of instruments underlying the Treasury futures it holds. A portfolio may suffer losses if it is unable to close out its position because of an illiquid secondary market, and there is no assurance that a portfolio will be able to close out its position when the SID considers it appropriate or desirable to do so. In general, derivatives, including Treasury futures, may involve risks different from, and potentially greater than, those of the underlying securities. To the extent a portfolio uses Treasury futures, it is exposed to additional volatility and potential losses resulting from leverage. Losses (or gains) involving Treasury futures contracts can sometimes be substantial—in part because a relatively small price movement in a Treasury futures contract may result in an immediate and substantial loss (or gain) for a portfolio.

• Credit Default Swaps

The SID may use credit default swaps (“CDS”) to either gain exposure or to hedge an account’s exposure to issuer credit risk. CDS agreements specify that one party pays a fixed periodic coupon for the life of the agreement to another party. The other party makes no payment unless a credit event, relating to a predetermined security, occurs. If such an event occurs, the party will make a payment to the other party and the swap will be terminated. The size of the payment is usually linked to the decline in the reference security’s market value following the occurrence of the credit event. The SID’s use of CDS is subject to a Fund’s investment guidelines. Most CDS agreements entered into by a Fund calculate the obligations of the parties to the agreement on a “net basis.” Consequently, a Fund’s current obligations (or rights) under a swap agreement will generally be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the “net amount”). A Fund’s current obligations under a swap agreement will be accrued daily (offset against any amounts owed to a client) and any accrued but unpaid net amounts owed to a swap counterparty will be covered by the segregation of assets determined to be liquid by the SID in accordance with its procedures. Transactions in CDS can entail counterparty risk (i.e., the counterparty’s ability to pay on its obligations) as well as other market risks. The leverage used in many CDS transactions and a widespread market downturn could lead to defaults thereby reducing the ability of the risk buyer to meet their obligations.

• Loan Participations and Assignments and Other Direct Indebtedness

The SID may purchase fixed and floating-rate loans, which generally will be in the form of loan participations and assignments of portions of such loans. Loan participations and assignments involve special types of risk, including credit risk, interest rate risk, liquidity risk, and the risks of being a lender.

The SID may purchase loan participations in commercial loans. Such indebtedness may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates. A Fund may participate in such syndications, or can buy part of a loan, becoming a part lender. When purchasing loan participations, the portfolio assumes the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary. The participation interests that a portfolio manager intends to purchase may not be rated by any nationally recognized rating organization.

A loan is often administered by an agent bank acting as agent for all holders. The agent bank administers the terms of the loan, as specified in the loan agreement. In addition, the agent bank is normally responsible for the collection of principal and interest payments from the corporate borrower and the apportionment of these payments to the credit of all institutions that are parties to the loan agreement. Unless, the account has direct recourse against the corporate borrower under the terms of the loan or other indebtedness, the account owner may have to rely on the agent bank or other financial intermediary to apply appropriate credit remedies against a corporate borrower.

A financial institution’s employment as agent bank might be terminated in the event that it fails to observe a requisite standard of care or becomes insolvent. A successor agent bank would generally be

appointed to replace the terminated agent bank, and assets held by the agent bank under the loan agreement should remain available to holders of such indebtedness. However, if assets held by the agent bank for the benefit of a portfolio were determined to be subject to the claims of the agent bank's general creditors, a portfolio might incur certain costs and delays in realizing payment on a loan or loan participation and could suffer a loss of principal and/or interest. In situations involving other interposed financial institutions (e.g., an insurance company or governmental agency), similar risks may arise.

Valuation

The SID typically values exchange-traded securities using the most recent sale price on that exchange on the value date as of the value time. If no such sales are reported, the SID will generally use readily-available market quotations that it receives from independent, third-party pricing services. The SID may use broker quotes when third-party pricing services do not provide values, although broker quotes are not necessarily determinative of fair value if an active market does not exist for the security. In regards to both exchange-traded and fixed-income securities, in the event market quotations are unavailable, or the SID determines in good faith that such quotations may be unreliable, or when an active market for a security does not exist (such as the case during periods of extreme market uncertainty), the SID may price the securities using an internal methodology. These prices will be estimates of fair value as of the valuation date, and the SID makes no representation or warranty that a security can be sold at the estimated price. The SID may face a conflict of interest in valuing the securities or assets in a portfolio that lacks a readily ascertainable market value as the value of the assets will affect the SID's compensation. The SID will value such securities and other assets in accordance with established valuation policies and procedures.

Investment Risks

Investing in securities involves risk of loss that shareholders should be prepared to bear. Certain types of investments may pose greater risks and in some instances, increased volatility and lack of liquidity.

• General Investment Risks

❖ Liquidity risk. Liquidity risk is the risk that an investment cannot be bought or sold in the market in a timely manner. The levels of liquidity may depend on the asset type, the size of a position and the liquidation horizon. Securities that are subject to legal or contractual restrictions (such as private placements and certain restricted securities) may be difficult to value accurately and sell at a price deemed to be representative of their value.

❖ Leveraging Risk. Leverage risk exists when an investment exposes the Fund to a level of risk that exceeds the amount investment. Because leveraging is speculative, it may exaggerate the effect of any increase or decrease in the value of the Fund's securities.

❖ Derivatives. Derivatives are financial contracts whose value depend on, or are derived from, the value of an underlying asset or index. Derivatives risks include liquidity risk, interest rate risk, market risk, credit

risk of the reference security and counterparty, management risk, risk of mispricing or improper valuation and the risk of miscorrelation. Additionally, derivative instruments may experience dramatic price changes and imperfect correlations between the price of the derivative contract and the underlying security or index, which may increase volatility. Derivatives and forward-settling securities also involve leverage risk where they provide investment exposure in an amount exceeding the initial investment.

❖ Foreign Exchange. Changes in currency exchange rates and the relative value of non-U.S. currencies will affect the value of the shareholder's investment and the value of a Fund's shares. Currency exchange rates can be especially volatile and can change quickly and unpredictably. Changes can result due to political, legal or economic conditions in the country issuing the currency of other foreign countries, or the United States. As a result of currency rate movements, the value of an investment may change quickly and without warning and with no change in the underlying investments fundamentals. The SID may or may not hedge the foreign exchange exposure associated with a particular investment.

❖ Capital Controls Risk. Capital controls imposed by foreign governments may adversely affect the trading market and may cause the Fund to decline in value.

❖ Emerging Markets. Investments in emerging markets pose additional risks. These risks include: (i) expropriation, confiscatory taxation, nationalization, and less social, political and economic stability than in more developed economics; (ii) the small current size of the securities markets and lower trading volume; (iii) certain national policies related to national interests, which may restrict investment opportunities; and (iv) the absence of developed legal structures governing private or foreign investment and private property.

❖ Sovereign Debt Risk. The government or agency issuing sovereign debt may be unable or unwilling to make interest payments and/or repay the principal owed. In such instance, the Fund may have limited recourse.

❖ Non-U.S. Securities Generally. Investing in fixed income or equity securities of non-U.S.-based companies or securities issued by non-U.S. banks involves risks that include changes in political, social or economic conditions, diplomatic relations, confiscatory taxation, expropriation, nationalization, limitation on the removal of funds or assets, or imposition of (or change in) exchange control or tax regulations. Non-U.S. investments may be more volatile and potentially less liquid than U.S. investments. A Fund's assets that are concentrated in a single country or countries located in the same geographic region assumes additional risks and could ultimately cause the client to underperform, or be more volatile than, other portfolios that invest more broadly.

❖ Lack of Diversification (not applicable to UCITS Funds). "Non-diversified" portfolios are not limited with regard to the portion of their assets that may be invested in the securities of a single issuer, industry sector and/or market. Such larger positions may cause performance to fluctuate to a greater extent than that of a diversified strategy.

- ❖ Shareholder Concentration Risk (not applicable to UCITS Funds). An investment adviser may allocate a portion of the assets of its discretionary clients to the Fund. If a large percentage of Fund shareholders consist of an investment adviser's discretionary clients, remaining Fund shareholders may be adversely impacted.
- ❖ Management Risk. The success of actively managed funds relies on the decisions made by the investment adviser. Subjective decisions made by the investment adviser may result in losses or missed profit opportunities.
- ❖ Multi-Manager Risk. A Fund with Sub-advisers may be more exposed to a particular stock, industry, country, region, or technique than if the Fund had a single investment adviser.
- ❖ Regulatory Risk. Regulators may adopt additional regulations, which may impact the operation and performance of the Fund.
- ❖ Exchange Traded Funds. There may be a lack of liquidity in certain ETFs that can lead to a large difference between the bid-ask prices (increasing the cost when the ETF is bought or sold). A lack of liquidity also may cause an ETF to trade at a large premium or discount to its net asset value. Additionally, an ETF may suspend issuing new shares and this may result in an adverse difference between the ETF's publicly available share price and the actual value of its underlying investment holdings. At times when underlying holdings are traded less frequently, or not at all, an ETF's returns also may diverge from the benchmark it is designed to track.

• Equity Investment Risks

- ❖ Equities. The price of equity securities may rise or fall because of changes in the market, in a company's financial condition, or other macroeconomic variables sometimes rapidly or unpredictably. These price movements may result from various factors affecting individual companies, sectors or industries selected for a portfolio or the securities market as a whole, such as changes in economic or political conditions. Fund portfolios may decrease in value as a result.

• Fixed Income Investment Risks

- ❖ Bond risk. Compared to other markets, the bond market is relatively volatile, and investments in bonds carry interest rate risk. Bonds also carry the risk of issuer or counterparty default, issuer credit risk, and inflation risk.
- ❖ Interest rate risk. Fixed income security prices may decline due to rising interest rates. Fixed income securities with longer maturities are generally subject to greater price volatility than obligations with shorter maturities.
- ❖ Credit risk. A security's price may decline due to deterioration in the issuer's or guarantor's financial condition. An account could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a forward contract, repurchase agreement, or a loan of portfolio

securities is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. If an issuer defaults, or if the credit quality of an investment deteriorates or is perceived to deteriorate, the value of the investment could decline.

❖ Call risk. During periods of falling interest rates, issuers of callable bonds may repay securities with higher interest rates before maturity. This could cause an account to lose potential price appreciation and reinvest the proceeds at lower interest rates.

❖ Auction Rate Securities Risk. Auction rate securities may differ substantially from cash equivalents with respect to liquidity and price stability, because an auction may result in lower prices if there is insufficient demand for the auction securities.

❖ Mortgage and asset-backed securities risk. There is a risk that the impairment of the value of the collateral underlying the security may result in default on interest or principal payments.

Also, early repayment of principal (e.g., prepayment of principal due to sale of the underlying property, refinancing, or foreclosure) of mortgage-related securities (or other callable securities) can expose an account to a potential loss on any premium to face value paid and to a lower rate of return upon reinvestment of principal. In addition, changes in the rate of prepayment also affect the price and price volatility of a mortgage-related security. Securities issued by certain U.S. Government sponsored enterprises (GSEs) (such as Fannie Mae, Freddie Mac, the Federal Home Loan Banks, and the Federal Farm Credit Banks) are not issued or guaranteed by the U.S. Treasury. In the event that these GSEs cannot meet their obligations, there can be no assurance that the U.S. Government will (or will continue to) provide support, and an account's performance could be adversely impacted.

❖ Agency Bond risk. Certain U.S. government agency securities are not supported by the U.S. government. Thus, in times of financial stress, such securities are not guaranteed by the U.S. Treasury.

❖ Municipal bond risk. Like other debt securities, municipal bonds are subject to credit risk, interest rate risk and call risk. Obligations of issuers of municipal bonds are generally subject to the provisions of bankruptcy, insolvency, and other laws affecting the rights and remedies of creditors. However, the obligations of certain municipal issuers may not be enforceable through the exercise of traditional creditors' rights. The reorganization under the federal bankruptcy laws of a municipal bond issuer or payment obligor bonds may result in, among other things, the municipal bonds being cancelled without repayment or repaid only in part. In addition, Congress or state legislatures may seek to extend the time for payment of principal or interest, or both, or to impose other constraints upon enforcement of such obligations. Litigation and natural disasters, as well as adverse economic, business, legal, or political developments (including challenges to the continued tax exempt status of various municipal bonds), may introduce uncertainties in the market for municipal bonds or materially affect the credit risk of particular bonds.

❖ Money Market Funds. An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency. Although money market funds seek to preserve the value of an investment at \$1.00 per share, there is no assurance that will occur, and it is possible to lose money if the fund value per share falls. Moreover, in some circumstances, money market funds may be forced to cease operations when the value of a fund

drops below \$1.00 per share. In that event, the fund's holdings are liquidated and distributed to the fund's shareholders. This liquidation process could take up to one month or more.

❖ Amortized Cost Risk. The BBH Money Market Fund's Board of Trustees ("Board") may suspend redemptions if the Board determines that the divergence of the Fund's amortized cost price per share from its market net asset value per share may result in material dilution to other unfair results to shareholders.

Risks of Cyber Attacks

As with any entity that conducts business through electronic means in the modern marketplace, the SID may be susceptible to potential risks resulting from cyber-attacks or data loss incidents (collectively, "cyber-events"). Cyber-events may include, among other behaviors, illegally accessing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential information, infection from computer viruses or other malicious software code, unauthorized access to or compromises to relevant systems, networks or devices that the SID uses, operational disruption or failures in the physical infrastructure or operating systems, or various other forms of cybersecurity breaches. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Cyber-attacks affecting the SID may adversely impact the Funds and its shareholders, potentially resulting in, among other things, financial losses or the inability of Fund shareholders to transact business. For instance, cyber-attacks may cause the release of private shareholder information or confidential business information, impede trading, subject the SID and Funds to regulatory fines or financial losses and/or cause reputational damage.

The SID and Funds may also incur additional costs for cyber security risk management purposes designed to mitigate or prevent the risk of cyber-attacks. Such costs may be ongoing because threats of cyber-attacks are constantly evolving as cyber attackers become more sophisticated and their techniques become more complex. Similar types of cyber security risks are also present for issuers of securities in which the Fund may invest, which could result in material adverse consequences for such issuers and may cause the Fund's investment in such companies to lose value. The SID has established risk management systems reasonably designed to manage the risks associated with cyber-events. However, there can be no assurance that the SID, the Funds, the Funds' other service providers, or the issuers of the securities in which the Funds invest will not suffer losses relating to cyber-attacks or other information security breaches in the future.

ITEM 9 DISCIPLINARY INFORMATION

There are no material disciplinary events involving the SID or its personnel involved in providing investment advice. However, in September 2014, as a result of a broad sweep investigation involving over 30 individuals and entities, the SEC issued an administrative order citing BBH for failure to make certain required filings under the Securities & Exchange Act of 1934. Without admitting or denying the findings, BBH entered into a settlement agreement with the SEC and agreed to pay a civil penalty. As a result, BBH has enhanced its policies, procedures and controls related to the reporting of beneficial ownership. The settlement has no impact on BBH's financial status or its ability to conduct business or provide services to its clients.

In 2013, FINRA conducted an examination of BBH, which included a Financial Operations, Sales Practice and Anti- money Laundering (“AML”) review. Any observations/recommendations with respect to the Financial Operations and Sales Practice elements of the review have either been addressed or are being addressed within expected target dates. The AML review focused on the firm’s policies and procedures relating to the surveillance and processing of U.S. low-priced securities on behalf of certain of our bank clients located outside of the United States. The examination concluded in early 2014. Without admitting or denying the findings, BBH entered into a settlement agreement with FINRA addressing the areas of concern raised by FINRA and paying a fine to FINRA. There are no limitations on BBH’s ability to conduct business as a result of the settlement. However, as part of the settlement agreement with FINRA , BBH filed a Corrective Action Statement which noted, among other things, that BBH has made changes to its processes and procedures for handling low-priced securities for the firm’s bank intermediary clients, including additional policies and procedures to enhance compliance with its obligations under Section 5 of the Securities Act of 1933, and enhanced employee training with respect to low priced securities transactions and enhanced standards for filing Suspicious Activities Reports (“SARs”).

In September 2007, BBH and the NYSDFS (formerly known as the New York State Banking Department) entered into a written agreement pursuant to which BBH agreed to take certain actions to remedy deficiencies in its Bank Secrecy Act / Anti-Money Laundering compliance program. BBH was not found to be participating in any wrongdoing and there was no fine associated with the agreement. The written agreement recognized the significant steps BBH has made in remediation to date and did not impact BBH's ability to provide products and services to its clients. Effective September 23, 2009, the NYSDFS lifted its Written Agreement with BBH.

In 2006, BBH settled a matter with the New York Stock Exchange (“NYSE”) and paid a fine. The matter involved BBH’s employee due diligence policies and procedures and BBH’s reporting of certain events in the NYSE’s electronic database. This matter did not relate to the provision of any products or services provided to clients by BBH. The NYSE case had no material impact on BBH’s financial stability, did not involve any practices relating to clients or client investments and did not impact BBH's ability to provide products and services to its clients going forward.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Some of the SID’s management are registered representatives but do not generally conduct trades for the Funds. Neither the SID nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor (“CTA”), and an associated person of the foregoing. The SID relies on applicable exemptions from CTA registration when conducting trading activities with respect to commodity interests, including futures. Consistent with such exemptions, when appropriate, the SID may also trade futures and CDS on behalf of the Funds.

The SID is a separately identifiable department of BBH, and controlled by BBH. Certain employees, directors and members of the SID’s executive management also serve as employees, directors and/or executive management of BBH and/or registered representatives of BBH.

ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

• Code of Ethics and Professional Conduct

The SID has adopted a Code of Ethics and Professional Conduct (the “Code”) that requires SID Personnel to (a) conduct personal securities transactions that are in accordance with the Code and with the SID’s Personal Trading and Information Barrier and Insider Information Policies, and in such a manner as to avoid any actual or potential conflict of interest; (b) comply with applicable laws and regulations; and (c) annually provide an acknowledgment of compliance with the Code. The SID will provide a copy of the Code to any client or prospective client upon request. The SID maintains a Gifts, Entertainment and Other Non-Cash Compensation Policy designed to adhere to regulations regarding giving or receiving cash or non-cash compensation.

SID officers, directors and employees may at times purchase and sell securities that the SID purchases and sells for the Funds. These purchases may be employees’ own accounts, or accounts in which they have a financial interest or over which they have control. Such trading may impact the pricing or proceeds realized by the Funds. Trading in personal accounts is permitted pursuant to our policies and procedures, which include a pre-clearance process for transactions by certain defined insiders or access persons, as well as minimum holding periods. These procedures seek to minimize conflicts of interest by restricting the type and timing of employee’s trades and are designed to prevent and detect account activity that may violate policy or applicable laws.

• Non-exclusive Management

Neither the SID nor any of its nominees, agents, partners or personnel may render investment management services to, and execute transactions for, its own account and for the accounts of other persons. The accounts of other persons may include BBH partners and investment advisory accounts of BBH and SID personnel including discretionary accounts that are centrally managed as well as other funds managed by the SID. The advice given to one client may differ from advice given to other client accounts or relied on for the SID’s own account, and transactions may be effected for the SID’s own account or the account of any client at prices, in amounts, or relating to securities which are not purchased or sold for other accounts.

In order to seek to avoid potential conflicts of interest, the SID may preclude Funds from making an investment or selling its existing investment in, or taking other actions with respect to, securities of a company where the SID is advising another Fund who is making or selling an investment in the securities of the same company. In addition, there may be certain investment opportunities, investment strategies or actions that the SID determines not to undertake on behalf of a Fund in view of the SID’s other Fund or firm activities.

The SID maintains policies, procedures and related controls to appropriately maintain and guard against misuse of Confidential and Material Non-Public Information (“MNPI”). Information barrier controls

include both physical and virtual barriers including segregation of systems, all of which are designed to control and contain the flow of confidential information and MNPI. Specific information barrier controls include, but are not limited to, control lists (e.g., restricted list and watch list), personal account trading surveillance, electronic communications surveillance and related information barrier training. From time to time, the SID may come into possession of MNPI or other information that could limit the ability of the Funds to buy and sell investments—investment flexibility may be constrained as a consequence

ITEM 12 BROKERAGE PRACTICES

• Best Execution

Generally, the SID directs equity and fixed income orders for the Funds to unaffiliated brokers and dealers for execution. The SID seeks to obtain best execution of such orders (where the relevant market recognizes concepts of best execution), which does not necessarily mean best price. In this regard, trades may be directed to brokers and dealers when deemed advisable based on a number of factors including: the broker's or dealer's ability to execute orders without disturbing the market price; the broker's or dealer's reliability for on-time delivery of securities; the broker's or dealer's financial condition and responsibility; the research and other investment information provided by the broker or dealer, notwithstanding that a particular client account may not be the direct or exclusive beneficiary of such service; and the commission or mark-up/mark-down charged by the broker or dealer. Accordingly, the commissions or fees charged by a broker or dealer may be greater than the amount another firm might charge provided that the SID determines, in good faith, that the amount of such commissions or fees is reasonable in relation to the value of the brokerage and research information provided. The SID has established an oversight committee to monitor its efforts to meet best execution obligations. Please also refer to the below section entitled "*Aggregation and Allocation of Transactions*" for additional information on trade allocation and the section entitled "*Soft Dollar or Research/Execution Arrangements*" for additional information on allocation of brokerage transactions.

• "Soft Dollar" or Research/Execution Arrangements

The SID allocates a percentage or portion of client commissions ("soft dollars") to specific brokers or dealers or other providers to pay for research or services that assist the SID in the management of the Funds. Research and services may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. In the past year, the SID has utilized soft dollars to acquire research provided directly by brokers and by third party research providers that include historical financials, corporate data and consensus estimates that analysts use to assist in their decision-making responsibilities. Along those lines, the SID has also used pricing and news services, attended conferences, attended management meetings, used models and consulted with industry experts that were paid for through soft dollars.

Analysts vote to establish a budget and allocation model to research providers based on the value and importance of the research, which budget is approved by an oversight committee. The committee also monitors the SID's efforts to meet its best execution obligations.

These arrangements may raise conflicts of interest. For example, to the extent that the SID uses client commissions to obtain research, it will not have to pay for such research itself. As such, this creates an incentive for the SID to use brokers who provide soft dollar services rather than brokers who may provide more favorable execution. The use of a broker or dealer that provides research and securities transaction services may result in a higher commission than that offered by a broker or dealer which does not provide such services. The SID will determine in good faith if the aggregate amount of the commissions paid is reasonable in relation to the value of the brokerage and research services received. However, the SID does not attempt to track the benefits of brokerage and research services to the commissions associated with a particular account or group of accounts and thus the benefit may not be proportionally allocated. Research services may be useful in providing services to the SID's clients, but not all such research may be useful for the account in which the particular transaction was effected. In addition, certain SID accounts may benefit from such services even though they do not produce transactions that generate soft dollars. The SID's soft dollar practices described above and its policies and procedures governing this topic are intended to comply with the UCITS Directives and other applicable law.

- **Brokerage for Client Referrals**

The SID does not select nor recommend broker-dealers in exchange for client referrals.

- **Client-Directed Brokerage Transactions**

The SID does not permit its clients to direct brokerage to particular broker-dealers.

- **Aggregation and Allocation of Transactions**

The SID has adopted policies and procedures, including trade allocation policies and procedures, that seek to address the conflicts associated with managing multiple Funds. For example, Funds have different investment strategies that, at times, might conflict with one another to the possible detriment of a Fund. Alternatively, to the extent that the same investment opportunities might be desirable for more than one Fund, possible conflicts could arise in determining how to allocate them. As a result of allocation issues, the amount, timing, structuring or terms of an investment by some Funds may differ from, and performance may be lower than, investments and performance of other Funds. Funds that do not receive allocations that perform well may experience lower performance as a result.

As discussed above, the SID typically directs order instructions for the Funds to a list of unaffiliated brokers and dealers for handling and execution. When it is determined that aggregation (or "batching") of order instructions is consistent with the SID's duty to seek best execution for its clients and with operational efficiency, the SID may, in its discretion, permit brokers or dealers to combine trades for one Fund with trades for other Funds and accounts, including accounts of the SID's partners, personnel and proprietary mutual funds. When trades are combined, no account (including those of BBH partners and

BBH and SID personnel) will be favored over any other account with respect to allocation percentages or execution price over an extended period of time.

Investment opportunities may be appropriate, at times, for more than one Fund or account. The SID's policy is generally to share investment opportunities with other Funds and/or accounts, provided the opportunities meet the relevant investment criteria for the other Funds and/or accounts. If it is determined that an investment opportunity will be purchased for a Fund and/or accounts, such opportunities will generally be allocated pro rata based on each fund's and/or account's available capacity for such investment. Sometimes, specific Funds in an investment strategy will not purchase a specific security or will be allocated a lower amount of a particular security than the target percentage for the strategy because of the Funds' particular investment restrictions (including regulatory restrictions), risk tolerance, time horizon, tax sensitivity, nature and size, tolerance for portfolio turnover, liquidity and size limitations, and/or availability of cash or buying power.

Funds and accounts that are eligible to purchase or sell fixed income or equity securities that are block traded will generally be allocated a pro-rata portion of the executed block trade. In the event an order is only partially filled, the SID will allocate executed shares on a pro-rata basis based on the amount of assets in each order, subject to limited exceptions including minor adjustments for rounding and odd-lots. Equity allocations may also be allocated using a computer generated random allocation methodology which randomly selects accounts if less than 15% of the original order is executed or if less than 15% of the original batch order remains to be executed. Allocations for equity and fixed income trades are generally made by the end of the day on which the trade is executed, absent extraordinary circumstances.

Trade allocation when both Funds and firm accounts (Pension or Capital) are involved in the same trade of a non-fungible security are allocated pro-rata based on the desired share amount if a full allocation cannot be obtained or sold. If a security is executed through more than one dealer at different prices, allocations will be completed in such a way that both the firm accounts and Funds receive the same weighted average price.

• Foreign Exchange Trading

In connection with transactions in foreign securities for the Funds, the SID may (but is not required to) enter into transactions for the purchase and sale of one or more foreign currencies. The SID may combine foreign currency transactions for several Funds. Foreign currency transactions will not originate with BBH's Foreign Exchange Department but may be executed through that Department. BBH's dealer mark-up / mark-down for any such transaction with a SID client will be no greater than BBH's customary dealer mark-up / mark-down with respect to currencies of the same types and amounts.

• Trading Errors

The SID will investigate trade errors and determine whether reimbursement to the Fund is warranted. The SID will not be responsible for trade errors resulting from an act or omission by any unaffiliated

person (including unaffiliated persons the SID retains to provide services to a Fund, unless the SID was grossly negligent in such selection) and any act or omission of any unaffiliated custodian, broker, transfer or similar agent of an issuer of securities. The SID will not retain a net profit from trade errors resulting from its gross negligence or willful misconduct and will reimburse the Fund for security-related market value loss plus trading costs.

ITEM 13 REVIEW OF ACCOUNTS

The Mutual Funds and the UCITS Funds are reviewed at least annually. Generally, account reviews will include, where applicable:

- Checks for portfolio compliance with Fund investment objectives/guidelines;
- Checks for portfolio compliance with applicable law; and
- Checks that Fund performance is consistent with the strategy.

All reviews are reviewed and approved by applicable supervisors.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

No person who is not a client provides an economic benefit to the SID for providing investment advice to its clients. Neither the SID nor any of its related persons directly or indirectly compensates any person for client referrals.

ITEM 15 CUSTODY

BBH serves as custodian for the Mutual Funds' assets. Brown Brothers Harriman (Luxembourg) S.C.A. serves as custodian for the UCITS Funds' assets.

ITEM 16 INVESTMENT DISCRETION

The SID has discretion over Funds, including the discretion to determine the securities to be bought or sold and their amount, the broker-dealers to be used, and the commission rates or fees to be paid for those executions. This discretionary authority is limited by the Funds' prospectuses and applicable law.

When the SID engages a sub-adviser, the sub-adviser has full trading and brokerage discretion over the sub-advised account. As part of that engagement, the SID considers the sub-adviser's compliance policies and procedures, including those relating to trading, brokerage and the allocation of trading opportunities and requires them, among other things, to adhere to best execution standards.

ITEM 17 VOTING CLIENT SECURITIES

The SID has adopted a Proxy Voting & Class Action Policy and Procedure, available to clients upon request, which are designed to prevent conflicts of interest from influencing proxy voting decisions that the SID makes on behalf of the Funds. Actual proxy voting decisions of the SID may have the effect of favoring the interests of certain clients or businesses of other divisions or units of BBH or its affiliates provided that the SID believes such voting decisions to be in accordance with its fiduciary obligations. Unless otherwise stated in the investment management agreement, the SID maintains the right to vote proxies on behalf of clients and may utilize the services of a third-party proxy agent in making voting decisions. The SID reserves the right to vote proxies in a manner that is different than the vote recommended by third- party proxy agents. The SID has engaged the services of a third party service provider to participate in class action shareholder lawsuits, on a best efforts basis, in connection with securities beneficially owned by the SID clients during relevant class action periods. The SID is solely responsible for any fees paid to such third party.

ITEM 18 FINANCIAL INFORMATION

The SID does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus, has not included a balance sheet of its most recent fiscal year.

The SID is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has the SID been the subject of a bankruptcy petition at any time during the past ten years.