

Brown Brothers Harriman Mutual Fund Advisory Department

Form ADV Part 2A

March 30, 2024



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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 United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about the investment adviser also is available on the SEC's website at www.adviserinfo.sec.gov.

MATERIAL UPDATES

Effective January 1st, 2024, Jean-Pierre Paquin, who was the President of the SID retired and became a Limited Partner of BBH &Co. Daniel Greifenkamp became the President of the SID effective January 1st, 2024.

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ITEM 4 ADVISORY BUSINESS

This Brochure provides an overview of the investment management services of a “Separately Identifiable Department” (the “Adviser”) of Brown Brothers Harriman & Co. (“BBH”). The Adviser, also known as the “Brown Brothers Harriman Mutual Fund Advisory Department,” is an SEC registered investment adviser that is an adviser or sub-adviser to mutual funds that are registered under the Investment Company Act of 1940, as amended (“Mutual Funds”), to an Exchange Traded Fund that is registered under the Investment Company Act of 1940, as amended (“ETF”), and to collective investment funds organized as Undertakings for Collective Investments in Transferable Securities (“UCITS Funds”). In this Brochure, we refer to Mutual Funds, ETFs and UCITS Funds together as “Funds.” The Adviser first registered with the SEC in 2001.

BBH is a bank, organized as a New York limited partnership. As a bank, BBH is excepted 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 in the Prospectus and Statement of Additional Information for the Mutual Funds and the Prospectus, the Packaged Retail and Insurance-based Investment Product Key Information Document, 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 Federal Deposit Insurance Corporation (“FDIC”) insured and are subject to investment risks, including possible loss of principal invested.

The Adviser has hired third-party investment advisers to provide sub-advisory and other investment-related services to certain Funds. These sub-advisers may themselves be advisers to other investment advisers or vehicles, including their own proprietary products. The Adviser reviews each sub-advised portfolio’s compliance with the applicable Fund’s portfolio investment guidelines.

As of December 31, 2023, the Adviser had \$20,611,552,769 in discretionary assets under management (net assets in the Funds). The Adviser does not manage any assets on a non-discretionary basis.

ITEM 5 FEES AND COMPENSATION

❖ Management/Sub-Advisory Fees

Generally, the Adviser charges fees based on a percentage of net assets under management. Fees are set forth in each Fund's prospectus or other offering documents or may be negotiated between the adviser who has retained the Adviser, as stated in their respective sub-advisory agreement. 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 or adviser, depending upon the Adviser's contract with the Fund or adviser.

Typically, either the Adviser 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 or if fees are charged in arrears, fees will be pro-rated based on the termination date.

❖ Additional Fees

In most cases, a third-party broker executing a trade on the Fund's behalf will charge a commission (equity securities) or earn a mark-up/mark-down (fixed income securities). Neither the Adviser nor BBH earns commissions or other transaction fees in connection with directing investment advisory trade orders to third party brokers for execution; however, the Adviser does receive credits from certain brokers toward the receipt of qualifying research or other services in accordance with applicable law. The Adviser does not execute transactions through an affiliated broker-dealer. **Please refer to Item 12, "Brokerage Practices," for additional information.**

Certain of the Mutual Funds have adopted a distribution plan pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended (the "1940 Act"), for retail class shares that allows the Mutual Funds to pay distribution fees for the sale of their shares and for services provided to shareholders. Because these fees are paid out of the retail class shares' assets continuously, over time, these fees will increase the cost of an investment in such shares and may cost more than paying for other types of sales charges, such as a one-time front-end or back-end sales charge.

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

The Adviser offers investment advisory services to multiple Funds with different investment objectives, guidelines and policies, and with different fee structures. The Adviser does not receive performance-based fees. However, certain supervised persons of the Adviser manage both BBH client accounts that charge performance-based fees and Adviser client accounts that do not charge performance-based fees. Supervised persons of the adviser have an incentive to allocate certain investment opportunities to these performance-based fee accounts rather than the Funds in order to increase the account's performance and thus improve the supervised person's chances of receiving the performance fee. However, BBH and the Adviser have implemented policies and procedures designed to ensure that investment opportunities are allocated equitably between the Funds and other accounts with similar investment strategies.

ITEM 7 TYPES OF CLIENTS

The Adviser advises or sub-advises Mutual Funds, an exchange-traded fund (“ETF”), and UCITS Funds.

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

Introduction

The Adviser’s equity investment philosophy centers on active management and fundamental analysis of individual companies. The Adviser seeks to invest primarily in cash generative businesses that are leading providers of essential products and services. The Adviser believes that purchasing the equity securities of such companies when they are trading at a discount to its 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 Adviser typically takes a long-term investment approach to managing the Funds, the Adviser may at times engage in short-term trading (*i.e.*, holding securities less than 30 days).

The Adviser uses a fundamental, value-based approach to fixed income management. Its 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, the Adviser follows a value-driven strategy.

The Adviser’s investment approach includes the consideration of a variety of fundamental factors, including industry structure, competitive positioning, financial strength, and environmental, social and governance (ESG) factors, all of which could enhance its ability to manage risk and to achieve its long-term investment objectives.

In response to adverse market, economic, political and other conditions, the Adviser may make temporary investments that are not consistent with a Fund’s investment objective and principal investment strategies. Such investments may be inconsistent with a Fund’s ability to reach its investment objective.

Environmental, Social and Governance Factors

The Adviser believes that the evaluation of environmental, social and governance (“ESG”) factors as part of its investment research process may enhance its ability to manage risk and achieve its long-term objectives. Across equity strategies, corporate bonds, municipal debt and structured products, the Adviser views ESG factors as providing an important set of characteristics that may be considered during the investment process and may help it effectively assess the durability of its portfolio. The Adviser currently does not include an ongoing consideration of ESG factors for securities issued by the US government or its agencies.

The Adviser’s investment philosophy is an approach that may consider the assessment of ESG factors. The Adviser defines ESG factors as any qualitative or quantitative information relating to environmental, social and governance matters used to complement its view on the durability of a company or issuer. These factors

may stem from environmental risks, social dynamics, shifting regulatory frameworks, changes in technology or in market preferences, reputational risks, or misalignment of interests between issuers and their stakeholders.

The Adviser considers ESG factors as one of several elements that are assessed in the investment decision process without an inferred determination of what factor, if any, is material or is given equal, less or more importance than other investment factors. Our ongoing consideration of ESG factors does not indicate that we place restrictions on the investment universe or that the associated strategy, Fund or portfolio will have any particular characteristic. A less favorable ESG profile may not preclude the Adviser from investing in a company or issuer, as the consideration of ESG factors is not more influential than the consideration of other investment criteria.

Equity Securities

❖ Investment Strategies

The types of equity securities that the Adviser may invest in on behalf of the Funds include, without limitation, exchange-listed securities, securities traded over-the-counter, foreign securities, and ETFs. The Adviser may also invest, when appropriate, in derivative instruments such as warrants, American depository receipts, global depository receipts, 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. There is no guarantee that a particular Fund will achieve its investment objective.

❖ Methods of Analysis

The equity investment teams consist of portfolio managers and research analysts who work collaboratively to identify, analyze, and monitor investments. The equity investment teams closely study industry structure and competitive trends, communicating regularly with knowledgeable industry participants and company management teams to assess whether companies meet the Adviser's fundamental and valuation criteria. The equity investment teams also explicitly identify key business risks and variables outside of management's control, as well as value active investments and prospective investment opportunities. Outside research materials/analytical tools used include but are not limited to: company management meetings; annual reports and quarterly reports; prospectuses; proxies; filings; company press releases and presentations; inspections of corporate facilities and activities when possible; industry and investment conferences and trade shows; financial newspapers and industry publications/websites; expert networks; and research provided by third parties.

Specific Service Offerings

The descriptions of equity strategies below, as applied to a particular Fund, are qualified in their entirety by the Fund's prospectus, Key Investor Information Document (for UCITS Funds), or other offering document. The strategies are offered in diversified and non-diversified portfolios.

- ❖ Large Cap/Core Select. The “Large Cap/Core Select” strategy seeks to provide investors with long-term growth of capital. The strategy normally will invest at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in large capitalization publicly traded equity securities. Such securities will be issued by domestic and foreign issuers both directly and in the form of sponsored and unsponsored depository receipts representing an interest in these securities. The Fund primarily seeks to buy common stock and may also invest in preferred stock. The Adviser considers large cap securities to be equity securities that the time of purchase have a market capitalization within the range of companies included in the S&P 500 Index. The Large Cap/Core Select strategy is based on fundamental business analysis and a long-term orientation that blends aspects of growth and value investing. The Large Cap/Core Select strategy seeks to invest in approximately 25-35 different companies that meet the Adviser’s prescriptive fundamental criteria. The strategy typically invests in companies that are headquartered in North America, as well as in certain global firms located in other developed regions. The Adviser selects companies based on their qualitative merits, competitive profile and prospective value creation potential. The strategy follows a “buy and own” approach that does not typically make use of short-term trades in pursuit of small gains. The criteria that the Adviser seeks 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) good long-term strategy and capital allocation; and
 - Valuation Criteria – a meaningful discount to a growing estimated intrinsic value per share. Intrinsic value calculations are based on the Adviser’s analyses of free cash flow and return on invested capital.

The Adviser’s time horizon when purchasing a company is typically three to five years but is not subject to any minimum or maximum period. Investments may be sold if they appreciate to levels at or near the higher end of the Adviser’s estimated ranges of intrinsic value.

- ❖ Mid Cap. The “Mid Cap” strategy seeks to provide investors with long-term growth of capital. The strategy invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in middle capitalization publicly traded equity securities, commonly referred to as mid cap stocks. Such securities may be issued by domestic or foreign issuers. Domestic securities include companies that are incorporated or headquartered in the U.S. The strategy may also invest in securities issued by foreign issuers, that are not incorporated or headquartered in the U.S., both directly and in the form of sponsored and unsponsored depository receipts, representing an interest in these foreign securities. The Adviser considers mid cap securities to be securities that at the time of purchase have a market capitalization within the range of companies included in the Russell Midcap Index. The strategy may also invest in large cap and small cap publicly traded equity securities. From time to time, the strategy may invest in shares of companies through “new issues”

or Initial Public Offerings (“IPOs”). Subject to applicable statutory and regulatory limitations, the strategy may also invest in shares of other investment companies, consisting of mutual funds and ETFs.

The Adviser’s strategy is based on fundamental business analysis and a long-term orientation. The Adviser selects companies based on their qualitative merits, competitive profile and prospective value creation potential. The strategy follows a “buy and own” approach that does not make use of short-term trades in pursuit of small gains. The Adviser believes that its long-term orientation can benefit the strategy’s net performance results. The Adviser may sell investments if they appreciate to levels at or near the higher end of the Adviser’s estimated intrinsic value range.

- ❖ Small Cap. The “Small Cap” strategy seeks to provide investors with long-term capital growth. The strategy primarily invests at least 80%, plus any borrowing for investment purposes, in publicly traded domestic small cap equity securities. The strategy primarily seeks to purchase common stock. The Adviser considers small cap securities to be securities that at the time of purchase have market capitalizations represented in the Russell 2000 Index as of the date of the latest reconstitution.

The strategy also concentrates at least 25% of its net assets in the Software & Services Industry Group within the Information Technology Sector. Companies in the Software & Services Industry Group may include, for example, companies developing and marketing internet software and services; providers of information technology and systems integration services; providers of commercial data processing and/or business outsourcing services; companies developing and producing database management, home entertainment, educational, specialty, enterprise, and business software; and other software and services companies.

In managing Small Cap, the Adviser allocates the Fund’s assets to a third-party. The strategy is currently offered through an investment company registered under the Investment Company Act of 1940 (the “fund”) and, as such, is subject to the general supervision by the Fund’s Board of Trustees (the “Board”), the Adviser oversees the sub-adviser and evaluates its performance results. The Adviser reviews portfolio performance, characteristics and changes in key personnel of the sub-adviser. The sub-adviser is primarily responsible for the day-to-day management of the Fund’s portfolio, including purchases and sales of individual securities. Other sub-advisers may be added in the future to complement the sub-adviser’s investment style. However, the Adviser may, when it deems appropriate, manage all or a portion of the Fund’s assets according to the Fund’s principal investment strategies.

The sub-adviser focuses on identifying companies that it believes are qualitatively excellent through “bottoms-up” research, primarily involving a review of public documents; field work, including company site visits, industry trade shows, user conferences and product demonstrations; discussions with suppliers, customers and competitors and other primary and secondary due diligence. The strategy will typically invest in companies with durable competitive advantages; the potential for high returns on invested capital; skilled, shareholder-friendly management teams and large growth opportunities. After qualitative assessment is complete, the sub-adviser values the

companies that meet its criteria using a discounted cash flow model or other relevant methods and invests in a limited number of companies that present the most compelling mix of qualitative characteristics (*e.g.*, competitive position) and quantitative metrics (*e.g.*, price in relation to intrinsic value).

- ❖ International Equity. The “International Equity” strategy seeks to provide investors with long-term maximization of total return, primarily through capital appreciation. The strategy primarily invests at least 80% of the net assets of the Fund, plus any borrowing for investment purposes, in the equity securities of companies in the developed and emerging markets of the world, excluding the United States. The Adviser defines developed markets to include markets of securities listed in the Morgan Stanley Capital International – Europe, Australasia, and Far East Index (“MSCI-EAFE”) and Canada. The strategy may invest up to 35% of its assets, at the time of purchase, in emerging markets of the world. The Adviser defines an emerging market as a securities market located in any country that is defined as having an emerging or developing economy by the World Bank or its related organizations, or the United Nations or its authorities. The strategy primarily invests in equity securities of companies with large market capitalizations.

Although the strategy is expected to invest primarily in common stocks, it may also invest in other securities with equity characteristics. The Fund may purchase these equity securities directly or in the form of sponsored and unsponsored American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”) or other similar securities representing securities of companies based outside of the United States, national security exchanges or over-the-counter markets. Securities may be purchased in currencies other than the U.S. dollar.

In managing International Equity, the Adviser allocates the Fund’s assets to two third-party sub-advisers. International Equity is currently offered through an investment company registered under the Investment Company Act of 1940 (the “Fund”) and, as such is subject to the general supervision by the Fund’s Board. The Adviser oversees the sub-advisers and evaluates its performance results. The Adviser reviews portfolio performance, characteristics and changes in key personnel of the sub-adviser. The sub-advisers are primarily responsible for the day-to-day management of the Fund’s portfolio, including purchases and sales of individual securities. Other sub-advisers may be added in the future to complement the sub-adviser’s investment style. However, the Adviser may, when it deems appropriate, manage all or a portion of the Fund’s assets according to the Fund’s principal investment strategies.

One of the sub-advisers focuses on identifying attractive non-U.S. publicly traded businesses with large market capitalization and investing opportunistically in these businesses when it believes that good long-term returns can be achieved. The sub-adviser defines attractive businesses as those that have achieved leading and defensible market positions through the creation of enduring franchise value. They are, in the view of the sub-adviser, both well positioned for long term growth and resilient in difficult economic environments. The sub-adviser employs intensive and rigorous fundamental equity research in order to identify these investment opportunities.

The other sub-adviser believes in an unconstrained, approach to investing that is not linked to

components of any benchmark against which the performance of the portfolio is measured, and the sub-adviser intends to invest in a focused portfolio of non-U.S. common stocks of publicly traded companies, with the potential to invest in preferred stocks on a limited basis. The sub-adviser intends to select securities based on identifying important positive factors that affect a company's earnings and cash flow prospects, which it believes to be under-recognized by the market. These factors will be identified through fundamental research and valuation methodologies. The sub-adviser's portfolio of investment positions will mainly consist of large-capitalization companies at the time of the initial purchase. Emerging markets are expected, from time to time, to be represented in the portion of the Fund managed by the sub-adviser.

Both sub-advisers may sell securities for a variety of reasons, such as to secure gains, limit losses or redeploy assets into more promising opportunities. The Fund may, from time to time, invest in a limited number of issuers.

Fixed Income

❖ Investment Strategy

The Adviser uses a fundamental, value-based approach to fixed income management. Its 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, the Adviser follows a patient, value-driven strategy.

The Adviser uses a team approach to execute its strategy, reviewing the research and knowledge of analysts, portfolio managers and traders in a process of transparent and open debate. A quantitative approach is used for screening valuation opportunities, and the team uses well-established fundamental credit criteria to select potential credits for portfolio inclusion from those passing the screening criteria. The Adviser builds sector allocations and portfolios "bottom-up" based on the quantity and intensity of available individual valuation opportunities.

The Adviser believes that preservation of capital is critical to investing success. It attempts to manage this risk through independent fundamental research and valuation discipline rather than any particular benchmark. There is no guarantee that a particular Fund will achieve its investment objectives.

❖ Investment Types

Fixed income investments may include cash market U.S. and non-U.S. corporate debt, asset-backed securities ("ABS"), commercial mortgage-backed securities ("CMBS"), municipal securities, U.S. and non-U.S. government securities, and non-U.S. dollar denominated fixed income instruments. Certain fixed-income strategies may also include investments in commodity interests (e.g., treasury futures), 144A securities, Regulation S securities, Regulation D securities, collateralized loan obligations ("CLOs"), collateralized financial obligations ("CFOs"), ETFs, business development companies ("BDCs"), derivative/structured products, including swaps, fixed or floating rate loans or similar instruments that may be more volatile and less liquid than cash market fixed-income securities. Cash market and derivatives

fixed income instruments can create gains or losses in Funds depending upon security-specific, market and macroeconomic factors.

❖ **Methods of Analysis**

The majority of the Adviser's fixed income analysis and research is performed internally. Both credit and quantitative analysis are fundamental parts of the investment management process. The Adviser has structured its 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 include but are not limited to: company management meetings; financial newspapers and industry publications/websites; inspections of corporate facilities and activities; research prepared by third parties; rating services; collateral tracking and data services; annual reports, prospectuses, and filings; and company press releases and presentations.

Specific Service Offerings

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

- ❖ Limited Duration. The "Limited Duration" strategy seeks to provide maximum total return, consistent with preservation of capital and prudent investment management. The strategy seeks to invest in well diversified portfolios of durable performing fixed income instruments. These investments will be primarily focused on ABS, notes and bonds issued by domestic and foreign corporations and financial institutions and the U.S. Government, government agencies and government guaranteed issuers. The strategy will invest in securities denominated in U.S. Dollars but may also invest in securities denominated in non-U.S. Dollars. The Adviser may purchase mortgage-backed securities and sovereign debt when it believes that the additional income from these securities justifies the higher risk of allocations to these asset classes. The Adviser may also invest in money market instruments, commercial paper, and private placement securities, including Rule 144A, Regulation S and Regulation D securities, to meet its investment objective. The Fund is also permitted to invest in derivative instruments, consisting of U.S. Treasury Futures, forwards, credit default swaps and baskets of credit entities, known as a credit default index. The Fund may also invest a portion of its assets in convertible securities and preferred stock. The Adviser may also invest a portion of the strategy's assets in convertible securities and preferred stock. Subject to applicable statutory and regulatory limitations, the Adviser may invest in securities issued by other investment companies, consisting of shares issued by exchange-traded funds ("ETFs") and notes

issued by business development companies (“BDCs”). The Fund’s investment in other investment companies may include shares of money market funds, including funds affiliated with the Adviser. While the Adviser will be primarily invested in securities denominated in U.S. dollars, some investments may be denominated in other currencies. The Adviser will invest primarily in investment grade securities but may invest in securities rated below investment grade, which are commonly referred to as “junk bonds”, when the Adviser believes that the additional income from these securities justifies the higher risk. The Adviser employs fundamental analysis and seeks certain criteria for different investments.

The Adviser seeks to preserve capital and to generate a positive absolute return, while attempting to avoid instances of negative total return over extended periods of time. The Adviser has the flexibility to invest in the sectors, industries, securities and durations that it identifies as offering attractive risk-adjusted returns consistent with the strategies’ objectives.

- ❖ Short Duration: The “Short Duration” strategy seeks to provide maximum total return, consistent with preservation of capital and prudent investment management. The strategy seeks to provide broad exposure to the fixed income markets with a portfolio duration of less than three years. The strategy seeks to invest in well diversified portfolios of durable performing fixed income instruments. These investments will be primarily focused on ABS, notes and bonds issued by domestic and foreign corporations and financial institutions and the U.S. Government, government agencies and government guaranteed issuers. The strategy will invest in securities denominated in U.S. Dollars but may also invest in securities denominated in non-U.S. Dollars. The strategy seeks to invest in approximately 75 to 200 different securities, reasonably diversified by industry sector. The Adviser may purchase mortgage-backed securities and sovereign debt when it believes that the additional income from these securities justifies the higher risk of allocations to these asset classes. The Adviser may invest in money market instruments, repurchase agreements, reverse repurchase agreements, commercial paper, derivative instruments, including but not limited to U.S. Treasury Futures, credit default swaps, credit default swap options, and private placement securities such as Rule 144A and Regulation S securities, to meet its investment objective. The Adviser may also invest a portion of the strategy’s assets in convertible securities and preferred stock. Subject to applicable statutory and regulatory limitations, the strategy may invest in units of UCITS and other UCIs, such as ETFs. While the Adviser will be primarily invested in securities denominated in U.S. dollars, some investments may be denominated in other currencies. The Adviser will invest primarily in investment grade securities but may invest in securities rated below investment grade, which are commonly referred to as “junk bonds”, when the Adviser believes that the additional income from these securities justifies the higher risk. The Adviser employs fundamental analysis and seeks certain criteria for different investments.

The Adviser seeks to preserve capital and to generate a positive absolute return, while attempting to avoid instances of negative total return over extended periods of time. The Adviser has the flexibility to invest in the sectors, industries, securities and durations that it identifies as offering attractive risk-adjusted returns consistent with the strategies’ objectives.

- ❖ Structured Fixed Income. The “Structured Fixed Income” strategy seeks to maximize total return (capital appreciation and income) consistent with reasonable risk. The strategy seeks to invest in

high quality structured fixed income securities, with a particular focus on ABS backed by assets other than prime auto and credit card loans (also known as non-traditional ABS). The Adviser may also invest a limited amount in CMBS, agency-backed securities, and corporate and municipal debt instruments that are secured by tangible asset collateral or revenue streams. The strategy may also invest in bonds issued by financial institutions, the U.S. Government, Government agencies and Government guaranteed issuers. Investments may include securities rated below investment grade if the Adviser believes that the additional income from these securities justifies the higher risk. The Adviser employs fundamental analysis and seeks certain criteria for different investments.

- ❖ Intermediate Municipal Bond. The “Intermediate Municipal Bond” strategy seeks to protect investors’ capital and generate attractive risk-adjusted returns. The strategy seeks to primarily invest in a diversified portfolio of investment grade municipal bonds rated in the four highest credit ratings categories (AAA to BBB, or equivalent) at the time of purchase by at least one nationally recognized credit rating agency, or, if unrated, deemed to be of comparable quality by the Adviser. The primary criteria that the Adviser seeks are: (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.

The strategy seeks to target between 75-125 credits in major sub-sectors of the municipal bond market. Tax considerations play an important part in the Adviser’s buy and sell decisions. As a result, the Adviser takes a long-term, tax aware investment approach. The Internal Revenue Service (“IRS”) has announced that holders of tax-exempt bonds such as the Fund have certain risks if the bonds were issued in connection with abusive transactions, refinancing irregularities, or the misuse of proceeds from the bond offering. While the Fund endeavors to purchase only bona fide tax-exempt bonds, there is a risk that a bond may be reclassified by the IRS as a taxable bond creating taxable income for the Fund and its shareholders. In this case, the Fund might be required to send to investors and file with the IRS information returns for prior calendar years reclassifying some of its exempt-interest dividends as taxable dividends.

- ❖ Income. The “Income” strategy seeks to provide maximum total return, with an emphasis on current income, consistent with preservation of capital and prudent investment management. The strategy seeks to invest in a well-diversified portfolio of fixed income instruments, including floating or variable rate debt instruments, using a value-oriented approach. The strategy’s investments will be primarily focused in notes and bonds issued by domestic and foreign corporations, financial institutions, the U.S. Government, and government agencies and government guaranteed issuers, ABS, consisting of consumer and commercial ABS; CMBS and residential mortgage-backed securities; and loan transactions. The strategy may purchase select municipal obligations, sovereign debt, and fixed income securities issued by corporations and governments in foreign countries, including in emerging markets, when the Adviser believes that the additional returns available from these securities are attractive. The strategy may also invest in money market instruments, commercial paper, and private placement securities, including Rule 144A, Regulation S and Regulation D securities, to meet its investment objective. The Fund is also permitted to invest in derivative instruments, consisting of U.S. Treasury Futures, forwards, credit default swaps and baskets of credit entities, known as a credit default index. The Fund may

also invest a portion of its assets in convertible securities and preferred stock. Subject to applicable statutory and regulatory limitations, the Adviser may invest in securities issued by other investment companies, consisting of shares issued by ETFs and notes issued by BDCs. The Adviser may invest in fixed- and floating-rate loan transactions, which investments generally will be in the form of loan participations, delayed funding loans, and revolving credit facilities, or assignments of portions of such loans and private placement securities, including Rule 144A, Regulation S and Regulation D securities. While the Adviser will be primarily invested in securities denominated in U.S. dollars, some investments may be denominated in other currencies.

- ❖ Multi-Sector. The “Multi-Sector” strategy seeks to invest in fixed income securities the Adviser believes have the potential for excess return. The strategy seeks to invest in well diversified portfolios of durable performing fixed income instruments. The Adviser seeks to invest in fixed income securities from a wide variety of sectors, including ABS, CMBS, corporate bonds, floating-rate loans and municipal bonds. The strategy will typically invest in A/BBB-rated asset backed securities and BBB/BB-rated corporate securities and will not typically own CCC rated or distressed securities. The Adviser will also invest in U.S. Treasury futures to manage the duration of the portfolio, which allows individual security selection to be managed without regard to portfolio duration. The strategy’s duration is flexible, and the Adviser seeks to maintain a duration that is consistent with positive returns over longer time periods.
- ❖ U.S. Government Money Market. The “U.S. Government Money Market” portfolio seeks to provide investors with as high a level of income as is consistent with the preservation of capital and the maintenance of liquidity. The portfolio, under normal circumstances, seeks to invest at least 99.5% of its total assets in cash and short-term U.S. Treasury securities and securities issued by U.S. government agencies or government-sponsored enterprises and repurchase agreements fully collateralized by such instruments. Additionally, under normal circumstances, at least 80% of the value of the portfolio’s net assets will be invested in U.S. government securities and repurchase agreements fully collateralized by U.S. government securities.

In selecting securities, the Adviser seeks to maximize current income within the limits of the portfolio’s credit, maturity and diversification policies. As a U.S. government money market fund, in order to preserve the value of investors’ capital, the Fund seeks to maintain a stable \$1.00 per share price. The Fund may hold uninvested cash reserves pending investment, during temporary defensive periods, or if, in the opinion of the Adviser, suitable obligations are unavailable. Uninvested cash reserves will not earn income.

Treasury Futures

The Adviser may use U.S. Treasury futures contracts for a variety of purposes in connection with the management of the interest rate exposure of Funds. The Adviser’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 Adviser’s use of Treasury futures is subject to a

Fund's investment guidelines and the Fund's completion of the necessary documentation with a futures commission merchant. The Adviser 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 Adviser 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 Adviser may use credit default swaps ("CDS") to either gain exposure or to hedge a Fund'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 Adviser's use of CDS is subject to a Fund's investment guidelines. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market values of fixed income securities tend to decrease. Conversely, as interest rates fall, the market value of fixed income securities usually increases. This risk may be greater for longer maturity versus shorter maturity securities. The Adviser may attempt to minimize the exposure of its Funds and client portfolios to interest rate fluctuations by using interest rate swaps ("IRS"). However, there can be no guarantee that the Adviser will be successful in fully mitigating the impact of interest rate changes. 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 counterparty) 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 Adviser 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 its obligations.

Loan Participations and Assignments and Other Direct Indebtedness

The Adviser may purchase, for fixed income funds, 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 Adviser may purchase 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 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 Fund has direct recourse against the corporate borrower under the terms of the loan or other indebtedness, the Fund 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 an 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.

The Adviser does not invest in loans on behalf of the UCITS Funds.

Valuation¹

Where permitted, the Adviser typically values assets using approved third-party pricing vendors. The Adviser may obtain two reputable broker quotes if available and average them when the approved third-party pricing services do not provide values. With respect to exchange traded equities, certain equity derivatives, and fixed income assets, in the event indicative prices are unavailable, or the Adviser

¹ Assets managed by the Adviser in which BBH is not the pricing agent or in certain cases in which a party other than BBH is contractually obligated to value the assets are not subject to the Valuation section of this document.

determines in good faith that such prices may be unreliable, or when an active market for an asset does not exist (such as may be the case during periods of extreme market volatility), the Adviser may price the assets using an internal methodology. These prices will be estimates of fair value as of the valuation date, and the Adviser makes no representation or warranty that a security can be sold at the estimated price. The Adviser may face a conflict of interest in valuing the assets in a portfolio that lacks a readily ascertainable market value as the value of the assets will affect the Adviser's compensation. The Adviser values such assets in accordance with established valuation policies and procedures. The Adviser performs a formal valuation risk assessment on an ongoing basis. To address the potential conflict of interest, the Adviser has policies and procedures in place and related internal controls intended to review and mitigate potential conflicts as well as periodic compliance testing and review by internal audit.

The Adviser's valuation methodology and practices are overseen by its Investment Management Valuation Oversight Committee ("IMVOC"). IMVOC meets regularly to review and consider various valuation issues, including the assignment of "fair values" to particular securities. IMVOC considers applicable valuation risks on an on-going basis. While IMVOC membership includes portfolio managers, a majority of IMVOC members are not portfolio managers or investment analysts. IMVOC's charter requires the recusal of a portfolio manager from any votes relating to assets held in the strategy for which such person is responsible.

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. The descriptions of risks below, as applied to a particular Fund, are qualified in their entirety by the Fund's prospectus, Key Investor Information Document (for UCITS Funds), or other offering document.

General Investment Risks

- ❖ Market Risk. Market risks, including political, regulatory, economic and social developments, can result in market volatility and can affect the value of a Fund's investments. Natural disasters, the spread of infectious illness and other public health emergencies, recession, terrorism and other unforeseeable events may lead to increased market volatility and may have adverse effects on world economies and markets generally.
- ❖ Illiquid Investment Risk. Illiquid Investment risk is the risk that an investment cannot be sold when desired or sold at favorable prices. The levels of liquidity may depend on the asset type, the size of a position and the liquidation horizon. Some loan transactions may be subject to legal or contractual restrictions on resale or may trade infrequently and, as a result, it may take longer to settle these transactions, which may result in impaired value when there is a need to liquidate such loans. In addition, certain derivative instruments and private placements, such as Rule 144A, Regulation S and Regulation D securities, may be illiquid.
- ❖ Interest Rate Risk. Interest rate risk refers to the price fluctuation of a bond in response to changes in interest rates. A Fund's investments in bonds and other fixed income securities will change in

value in response to fluctuations in interest rates. In general, fixed-rate bonds with shorter maturities are less sensitive to interest rate movements than those with longer maturities, (*i.e.*, when interest rates increase, bond prices fall). Rising interest rates tend to cause the prices of debt securities (especially those with longer maturities) to fall which could result in a decrease of the net asset value of a Fund. A Fund may invest in variable and floating rate securities. Although these instruments are generally less sensitive to interest rate changes than fixed rate instruments, the value of variable and floating rate securities may decline if their interest rates do not rise as quickly, or as much, as general interest rates. A Fund's fixed income investments may be subject to heightened risk associated with rising interest rates given the current historically low interest rate environment.

A rising interest rate environment may also result in periods of volatility and increased redemptions. As a result of increased redemptions, a Fund may have to sell fixed income securities at disadvantageous prices and times, or at a loss, which could adversely affect the performance of a Fund.

- ❖ Credit Risk. Credit risk refers to the likelihood that an issuer, guarantor, or the counterparty to a derivative contract or repurchase agreement, will default on interest or principal payments. For ABS and CMBS, there is risk that the impairment of the value of the collateral underlying the security, such as non-payment of loans, will result in a default on interest or principal payments. Credit risk is heightened to the extent a Fund invests in below investment grade securities.
- ❖ Leverage Risk. Leverage includes borrowing or an investment in reverse repurchase agreements and, in some cases, derivative contracts that may result in leverage to a Fund. Leverage risk is created when an investment exposes a Fund to a level of risk that exceeds the amount invested. Leveraging is speculative, tends to exaggerate the effect of any increase or decrease in the value of a Fund's securities and may cause a Fund to be more volatile.
- ❖ Derivatives Risk. Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset or index. Risks of investing in derivatives are different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks include liquidity risk, interest rate risk, market risk, credit risk, risk of mis-pricing or improper valuation and the risk of miscorrelation. A Fund could lose more than the principal amount invested. The Adviser has established a formal Derivatives Risk Management program in compliance with Rule 18f-4 under the Investment Company Act of 1940.
- ❖ Foreign Exchange Risk. 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 Adviser may or may not hedge the foreign exchange exposure associated with a particular investment or a particular currency.

- ❖ Capital Controls Risk. Capital controls imposed by foreign governments may adversely affect the trading market and may cause a Fund to decline in value. Capital controls are actions taken by the government or central bank to regulate flows from capital markets into and out of the country's capital account.
- ❖ Emerging Markets Risk. Emerging markets involve risks greater than those generally associated with investing in more developed foreign markets. These risks include: (i) expropriation, confiscatory taxation, nationalization, and less social, political and economic stability than in more developed economies; (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.
- ❖ Foreign Investment Risk. Investing in equity or fixed income securities of foreign-based companies involves risks not typically associated with investing in equity securities of companies organized and operated in the United States. These risks 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. In some foreign countries, less information is available about foreign issuers and markets because of less rigorous accounting and regulatory standards than in the United States. In addition, foreign stock exchanges and brokers could have less government supervision and regulation than in the United States. Dividends and interest on foreign securities may be subject to foreign withholding taxes, which may reduce the net return to Fund shareholders. Foreign securities are often denominated in a currency other than the U.S. dollar, which will subject a Fund to the risks associated with fluctuations in currency values. Currency fluctuations could erase investment gain or add to investment losses. All of these factors can make foreign investments more volatile and potentially less liquid than U.S. investments.
- ❖ Lack of Diversification Risk (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. A non-diversified Fund may be subject to greater risk than a diversified Fund because changes in the financial condition of individual issuers, as well as political, regulatory or economic occurrences affecting such issuers may cause greater fluctuation in the value of a non-diversified Fund's shares.
- ❖ Shareholder Concentration Risk. From time to time, an investment adviser may allocate a portion of the assets of its discretionary clients to a Fund. There is a risk that if a large percentage of Fund shareholders consists of such investment adviser's discretionary clients, such asset allocation decisions, particularly large redemptions, may adversely impact remaining Fund shareholders.
- ❖ Management Risk. The success of an actively managed Fund relies on the investment skills and analytical ability of the Adviser to develop and effectively implement strategies that achieve the Fund's investment objective. Subjective decisions made by the Adviser may result in losses or

missed profit opportunities.

- ❖ Regulatory Risk. Regulators may adopt additional regulations in the future, which may impact the operation and performance of a Fund.

Equity Investment Risks

- ❖ Equities Risk. The price of equity securities may rise or fall because of changes in the market, changes 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.
- ❖ Mid Cap Company Risk. Mid cap companies, when compared to larger companies, may experience lower trade volumes and could be subject to greater and less predictable price changes. Mid cap companies may also have limited management experience or depth, limited ability to generate or borrow capital needed for growth, and limited products or services, or operate in less established markets. Therefore, mid cap securities may be subject to changing economic, market, and industry conditions and experience more volatility and less liquidity over short periods. In certain market cycles, investing in mid cap companies may be less favorable when compared to larger companies causing the Fund to underperform and incur losses.
- ❖ Small Cap Company Risk. Small cap companies may have limited product lines or markets and may be less financially secure than larger, more established companies. They may depend on a small number of key personnel. If a product fails, there are other adverse developments, or if management changes, small cap company investments may lose substantial value. In addition, smaller companies, which tend to be less well known, have shorter operating histories and do not have significant ownership by large investors, may not have information as accessible as that of larger companies. The securities of small cap companies generally trade in lower volumes and are subject to greater and more unpredictable price changes than larger cap securities or the market as a whole. In addition, small cap securities may be particularly sensitive to changes in interest rates, borrowing costs and earnings. In certain market cycles, investing in small cap companies may be less favorable when compared to larger companies causing the Fund to underperform and incur losses.
- ❖ Software & Services Industry Group Concentration Risk. When a strategy focuses its investments in a particular industry, group of industries, or sector, financial, economic, business, and other developments affecting issuers in those industries or sectors will have a greater effect on the strategy than if the strategy had not focused its assets, which may increase the strategy's volatility. Market or economic factors impacting companies in the Information Technology Sector could have a major effect on the value of the Fund's investments. The value of stocks of information technology companies is particularly vulnerable to rapid changes in technology product cycles, government regulation and competition, both domestically and internationally, including competition from foreign competitors with lower production costs. Stocks of such companies, especially those of smaller, less-seasoned companies, tend to be more volatile than the overall market. Information

technology companies may be heavily dependent on patent and intellectual property rights, the loss or impairment of which may adversely affect profitability. Additionally, companies in the Information Technology Sector may face unpredictable changes in growth rates and competition for the services of qualified personnel.

Computer software/services companies can be significantly affected by competitive pressures, aggressive pricing, technological developments, changing domestic demand, the ability to attract and retain skilled employees and availability and price of components. The market for products produced by computer software/services companies is characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. The success of computer software/services companies depends in substantial part on the timely and successful introduction of new products and the ability to service such products. An unexpected change in one or more of the technologies affecting an issuer's products or in the market for products based on a particular technology could have a material adverse effect on a company's operating results. Some computer software/services companies rely on a combination of patents, copyrights, trademarks and trade secret laws to establish and protect their proprietary rights in their products and technologies. There can be no assurance that the steps taken by computer software/services companies to protect their proprietary rights will be adequate to prevent misappropriation of their technology or that competitors will not independently develop technologies that are substantially equivalent or superior to such companies' technology.

- ❖ Investment in Other Funds Risk. Investments in other investment companies are subject to market and selection risk, as well as the specific risks associated with the investment companies' portfolio securities. As a shareholder of another investment company, a strategy or Fund would bear, along with other shareholders, its pro rata portion of the other investment company's expenses, including advisory fees. These expenses would be in addition to the advisory and other expenses that the strategy or fund bears directly in connection with its own operations. The shares of an investment company that trade on an exchange (for example, an ETF) may trade below their net asset value or at a discount, which may adversely affect the strategy's performance.
- ❖ Risks Related to Sub-Advisers. A strategy with more than one sub-adviser may be more exposed to a particular stock, industry, country, region, or technique than if the Fund had a single investment adviser. A sub-advised Fund's success depends upon the investment skills and analytical abilities of the sub-advisers to develop and effectively implement strategies that achieve the Fund's investment objective. Subjective decisions made by the sub-advisers may cause the Fund to incur losses or to miss profit opportunities on which it may otherwise have capitalized.

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.
- ❖ Call Risk. During periods of declining interest rates, issuers of callable bonds may repay

securities with higher interest rates before maturity. This could cause a Fund to lose potential price appreciation and reinvest the proceeds at lower interest rates.

- ❖ ABS Risk. Investments in asset-based securities are subject to prepayment and extension risks, as well as risk that the underlying borrower will be unable to meet its obligations. In addition, during periods of falling interest rates ABS may be called or prepaid, which may result in a Fund having to reinvest proceeds in other investments at a lower interest rate. The ability of an issuer of ABS to enforce its security interest in the underlying assets may be limited. A Fund holding ABS may exhibit additional volatility during periods of fluctuating interest rates.
- ❖ Mortgage-Backed Securities Risk. Borrowers may default on their mortgage obligations or the guarantees underlying the mortgage-backed securities will default or otherwise fail and that, during periods of falling interest rates, mortgage-backed securities will be called or prepaid, which may result in a Fund having to reinvest proceeds in other investments at a lower interest rate (pre-payment risk). During periods of rising interest rates, the average life of a mortgage-backed security may extend, which may lock in a below-market interest rate, increase the security's duration, and reduce the value of the security (extension risk). Enforcing rights against the underlying assets or collateral may be difficult, or the underlying assets or collateral may be insufficient if the issuer defaults. As a result, in a period of fluctuating interest rates, a Fund that holds mortgage-related securities may exhibit additional volatility.
- ❖ 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.
- ❖ Private Placement Risk. The Adviser may invest in private placement securities that cannot be offered for public resale unless registered under the applicable securities laws or that have a contractual restriction that prohibits or limits their resale. Private placement securities are securities that have not been registered under the applicable securities laws, such as Rule 144A securities, securities of U.S. and non-U.S. issuers that are issued pursuant to Regulation S and securities issued pursuant to Regulation D. Restricted securities may not be listed on an exchange and may have no

active trading market, resulting in the security being deemed illiquid.

- ❖ Convertible Securities Risk. Convertible securities may perform in a similar manner to a regular debt security. Investments in convertible securities are subject to variety of risks, including investment risk and interest rate risk. A rise in market interest rates may result in the value of a convertible security decreasing. Additionally, if an issuer is not able to pay interest or dividends when due, their market value of the security may change based on the issuer's credit rating and the perception of the issuer's creditworthiness. The potential for a convertible security to convert into the issuers underlying common stock subject the security to similar market and issuer risks that apply to the underlying common stock. Convertible securities may also be lower-rated securities as they may face higher levels of credit risk. The Fund may be forced to convert a security before it would otherwise choose, which may have an adverse effect on the Fund's ability to achieve its investment objective.
- ❖ When-Issued and Delayed Delivery Securities Risk. Between the transaction date and the delivery date, the price of the when-issued and delayed delivery securities is subject to market fluctuations and may rise or fall depending on market conditions, additionally no interest will accrue until the securities are delivered. If a strategy remains substantially fully invested at a time when a purchase is outstanding, the purchases may result in a form of leverage. If the counterparty to a when-issued or delayed-delivery transaction fails to deliver the securities, the strategy may receive a less favorable price or yield or may suffer a loss.
- ❖ Loan Participation and Assignment Risk. Loan participations and assignments involve special types of risk, including credit risk, interest rate risk, liquidity risk, and the risks of being a lender. If BBH purchases loan participations, it may only be able to enforce its rights through the lender and may assume the credit risk of the lender in addition to the borrower.
- ❖ Investment Company Risk. The Fund may invest in securities of other investment companies, consisting of ETFs and money market funds. When purchasing shares of other investment companies, shareholders bear both their proportionate share of the Fund's expenses and similar expenses of the underlying investment company when the Fund invests in shares of another investment company. The Fund is subject to the risks associated with the investment company's investments. These risks may be similar to the risks of the Fund but may also vary wildly depending on the underlying investment strategy and objectives. ETF's may be designed to track a particular index, if the performance of the underlying securities of the index goes down, the investment in the ETF may result in a loss. ETF shares are traded on securities exchanges and may not be traded extensively, which may result in larger differences between the "ask" price quoted by a seller and the "bid" price offered by a buyer.
- ❖ Business Development Company Risk. BDCs may carry risks similar to those of a private equity or venture capital fund. BDC company securities are not redeemable at the option of the shareholder and they may trade in the market at a discount to their net asset value. BDCs usually trade at a discount to their net asset value because they invest in unlisted securities and have limited access to capital markets.

- ❖ Preferred Securities Risk. Preferred securities are equity interests in a company that entitle the holder to receive common stock, dividends and a fixed share of the proceeds resulting from a liquidation of the company, in preference to the holders of other securities. Preferred securities may pay fixed or adjustable rates of return. These securities are subject to issuer-specific and market risks applicable generally to equity securities. In addition, a company's preferred securities may pay dividends only after the company makes required payments on bonds and other debt. If a company experiences actual or perceived changes in its financial condition or prospects, the value of preferred securities may be more greatly affected than the value of bonds and other debt.
- ❖ Money Market Funds Risk. An investment in a money market fund is neither insured nor guaranteed by the 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.
- ❖ Sovereign Debt Risk. Bonds issued by foreign governments, sometimes referred to as "sovereign" debt, present risks not associated with investments in other types of bonds. The government or agency issuing the debt may be unable or unwilling to make interest payments and/or repay the principal owed. In such instance, a Fund may have limited recourse against the issuing government or agency.

Information Security Risks

As with any entity that conducts business through electronic means in the modern marketplace, the Adviser 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 Adviser 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-events affecting the Adviser may adversely impact the Funds, potentially resulting in, among other things, financial losses or the inability of the Fund to transact business. For instance, cyber-events may cause the release of confidential business information, impede trading, subject the Adviser and Funds to regulatory fines or financial losses and/or cause reputational damage.

The Adviser and Funds may also incur additional costs for cyber security risk management purposes designed to mitigate or prevent the risk of cyber-events. 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 Adviser has established risk management systems reasonably designed to manage the risks associated with cyber-events. However, there can be no assurance that the Adviser, 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 Adviser 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.

In 2013, FINRA conducted an examination of BBH, which included a Financial Operations, Sales Practice and Anti- Money Laundering ("AML") review. In 2014, without admitting or denying the findings, BBH entered into a settlement agreement with FINRA addressing BBH's policies and procedures relating to the surveillance and processing of U.S. low-priced securities on behalf of certain of bank clients located outside of the United States and paying a fine to FINRA. There were 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").

These settlements had no impact on BBH's financial status or its ability to conduct business or provide services to its clients.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Some of the Adviser's personnel are registered representatives of Brown Brothers Harriman Investments, LLC ("BBHI"), a wholly owned subsidiary of BBH, but do not generally conduct trades for the Funds. BBHI is, an SEC registered limited purpose broker-dealer and member firm of the Financial Industry Regulatory Authority ("FINRA"). BBHI acts primarily as a distributor of the mutual funds and as a placement agent for BBH's private investment funds. Neither the Adviser 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"), or an associated person of the foregoing. The Adviser 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 Adviser may also trade futures and CDS on behalf of the Funds.

The Adviser is a separately identifiable department of BBH and is controlled by BBH. Certain employees, directors and members of the Adviser's executive management also serve as employees, directors and/or executive management of BBH and/or serve as registered representatives or directors and/or executive management of BBHI. No material conflicts exist in relation to personnel that serves as employees, directors and/or executive management of BBH and also serve as registered representatives or directors and/or executive management of BBHI given that BBHI serves as a limited purpose broker-dealer as described above.

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

❖ Code of Ethics and Professional Conduct

The Adviser has adopted a Code of Ethics and Professional Conduct (the "Code") that requires its personnel to (a) conduct personal securities transactions that are in accordance with the Code and with the Adviser'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 Code contains provisions reasonably designed to identify and address potential conflicts of interest between personal investment activities and the interests of the Funds. Of course, there can be no assurance that the Code will be effective in identifying and addressing all conflicts of interest relating to personal securities transactions. The Adviser will provide a copy of the Code to any of its clients or prospective clients upon request.

BBH, including the Adviser, and any of their respective partners, principals, directors, officers, employees, affiliates or agents, face conflicts of interest when transacting in securities for their own accounts because they could benefit by trading in the same securities as the Funds, which could have an adverse effect on the Funds. However, BBH, including the Adviser, has implemented policies and procedures concerning personal trading by BBH Partners and employees. Trading in personal accounts is permitted pursuant to these 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 employees' trades and are designed to prevent and detect account activity that may violate policy or applicable laws. The Adviser's personnel are generally not permitted to purchase and sell securities that the Adviser or the sub-adviser purchases and sells for the Funds.

From time to time, employees of BBH, including the Adviser, and any of their respective partners, principals, directors, officers, employees, affiliates or agents, give or receive gifts and/or entertainment to or from clients, intermediaries, or service providers to the Fund or BBH, including the Adviser, which could have the appearance of affecting or potentially affecting the judgment of the employees, or the manner in which they conduct business. BBH, including the Adviser, has implemented policies and procedures concerning gifts and entertainment to mitigate any impact on the judgment of BBH Partners and employees.

❖ Non-Exclusive Management

Adviser personnel render investment management services to, and execute transactions for, affiliated accounts and for the accounts of other persons. The accounts of other persons include BBH partners and investment advisory accounts of BBH and Adviser personnel including discretionary accounts that are centrally managed as well as other Funds managed by the Adviser. The advice given to one client at times will differ from advice given to other client accounts, and transactions may be effected for 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 Adviser may preclude Funds from making an investment or selling an existing investment in, or taking other actions with respect to, securities of a company where the Adviser is advising another Fund that 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 Adviser determines not to undertake on behalf of a Fund in view of the Adviser's other Fund or firm activities.

The Adviser 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 Adviser may come into possession of MNPI or other information that could limit the ability of the Funds to buy and sell investments, and investment flexibility may be constrained as a consequence.

ITEM 12 BROKERAGE PRACTICES

❖ Best Execution

Generally, the Adviser directs equity and fixed income orders for the Funds to unaffiliated brokers and dealers for execution. The Adviser 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 will be directed to brokers and dealers 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 credit worthiness, reputation and integrity; 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 Adviser 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 Adviser has established an oversight committee to monitor its efforts to meet best execution obligations. Please also refer to the below sections entitled "*Soft Dollar or Research/Execution Arrangements*" and "*Aggregation and Allocation of Transactions*" for additional information on allocation.

To the extent that the Adviser engages a third-party sub-adviser, the sub-adviser has direct responsibility for directing trades and seeking best execution as described above. The Adviser periodically reviews the sub-adviser's performance in this regard.

❖ **Soft Dollar or Research/Execution Arrangements**

The Adviser directs brokerage transactions and/or payment of a portion of client commissions ("soft dollars") to specific brokers or dealers or other providers to pay for research or other appropriate services which provide, in the Adviser's view, appropriate assistance to the Adviser in the investment decision-making process. The Adviser has adopted soft dollar policies and procedures that seek to address potential conflicts of interest.

Research and services 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 Adviser 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, including a third-party consultant, use to assist in their decision-making responsibilities. Along those lines, the Adviser has also used pricing and news services, order management systems, attended conferences, attended management meetings, used models and consulted with industry experts that were paid for through soft dollars.

The Adviser's evaluation of the brokerage and research services provided by the broker-dealer may be a significant factor in selecting a broker-dealer to effect transactions. For this purpose, the Adviser has established a voting process where equity analysts vote to establish a budget and allocation model to research providers based on the estimated value and importance of the research, which is reviewed by an oversight committee. The committee also monitors the Adviser's efforts to meet its best execution obligations.

The use of a broker that provides research and securities transaction services may result in a higher commission than that offered by a broker who does not provide such services. The Adviser will determine in good faith whether the amount of commission is reasonable in relation to the value of research and services provided and whether the services provide lawful and appropriate assistance in its investment decision-making responsibilities.

Research or other services obtained in this manner are sometimes used in servicing any or all the Funds and other BBH client accounts, including in connection with BBH client accounts that do not pay commissions to the broker related to the research or other service arrangements. Such products and services could disproportionately benefit other BBH client accounts relative to a Fund based on the amount of brokerage commissions paid by a Fund and such other BBH client accounts. For example, the Adviser generally may not use research or other services that are paid for through one client's commissions in managing that client's account. However, research may be shared with another BBH strategy from time to time if approved in accordance with policies and procedures. In addition, other BBH client accounts may receive the benefit, including disproportionate benefits, of economies of scale or price discounts in connection with products and

services that are provided to a Fund and to such other BBH client accounts. The Adviser does not attempt to track the benefits of brokerage and research services to the commissions associated with a particular Fund. When the Adviser uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, it receives a benefit because it does not have to produce or pay for the research, products or services. The Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on its clients' interest in receiving most favorable execution.

BBH, at times, receives research that is bundled with the trade execution, clearing, and/or settlement services provided by a particular broker-dealer. To the extent that BBH receives research on this basis, many of the same conflicts related to traditional soft dollars exist. For example, the research effectively will be paid by client commissions that also will be used to pay for the execution, clearing, and settlement services provided by the broker-dealer and will not be paid by BBH.

BBH endeavors to execute trades through brokers who, pursuant to such arrangements, provide research or other services that BBH believes are useful in its investment decision-making process. From time to time, BBH chooses not to engage in the above-described arrangements to varying degrees. BBH also enters into commission sharing arrangements under which BBH executes transactions through a broker-dealer, and requests that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research to BBH. To the extent that BBH engages in commission sharing arrangements, many of the same conflicts related to traditional soft dollars will exist.

In connection with receiving brokerage and research services from broker-dealers, the Adviser, at times, receives "mixed use" services where a portion of the service assists the Adviser in its investment decision-making process and a portion is used for other purposes. Where a service has a mixed use, the Adviser will make a reasonable allocation of its cost according to its use and will use client commissions to pay only for the portion of the product or service that assists the Adviser in its investment decision-making process. The Adviser has an incentive to underestimate the extent of any "mixed use" or allocate the costs to uses that assist the Adviser in its investment decision-making process because the Adviser pays for such costs with client commissions rather than the Adviser's own resources. The Adviser maintains policies and procedures reasonably designed to identify and address these potential conflicts of interest.

❖ **Brokerage for Client Referrals**

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

❖ **Client-Directed Brokerage Transactions**

The Adviser does not permit the Funds to direct brokerage to particular broker-dealers.

❖ **Aggregation and Allocation of Transactions**

BBH, including the Adviser, has adopted trade allocation policies and procedures that seek to address the conflicts associated with portfolio managers managing multiple Funds and BBH client accounts. 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 and/or accounts.

Funds that do not receive allocations that perform well may experience lower performance as a result.

Certain conflicts of interest may arise in connection with a portfolio manager's management of a Fund's investments and the investments of other funds or accounts for which the portfolio manager is responsible. For example, it is possible that the various funds or accounts managed by BBH could have different investment strategies that, at times, might conflict with one another to the possible detriment of a Fund. Alternatively, the investment methods and strategies that the Adviser utilizes in managing a Fund are utilized by BBH, including the Adviser, in managing investments for other funds and accounts. From time to time, BBH, including the Adviser, establishes, sponsors and is affiliated with other investment pools and accounts which engage in the same or similar businesses as a Fund using the same or similar investment strategies. To the extent that the same investment opportunities might be desirable for more than one account or fund, possible conflicts could arise in determining how to allocate them because BBH may have an incentive to allocate investment opportunities to certain accounts or funds. For example, BBH may act as adviser to private funds with investment strategies similar to a Fund. Those private funds may pay BBH a performance fee in addition to the stated investment advisory fee. In such cases, BBH may have an incentive to allocate certain investment opportunities to the private fund rather than a Fund in order to increase the private fund's performance and thus improve BBH's chances of receiving the performance fee. However, as noted above, BBH has implemented policies and procedures designed to ensure that information relevant to investment decisions is disseminated promptly within its portfolio management teams and investment opportunities are allocated equitably among different clients. The policies and procedures require, among other things, objective allocation for limited investment opportunities, and documentation and review of justifications for any decisions to make investments only for select accounts or in a manner disproportionate to the size of the account. Nevertheless, access to investment opportunities may be allocated differently among accounts due to the particular characteristics of an account, such as size of the account, cash position, tax status, risk tolerance and investment restrictions or for other reasons.

Actual or potential conflicts of interest may also arise when a portfolio manager has management responsibilities to multiple accounts or funds, resulting in unequal commitment of time and attention to the portfolio management of the funds or accounts.

Additionally, investment opportunities are appropriate, at times, for more than one Fund or account. The Adviser'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, security availability, existing holdings or exposure, tolerance for portfolio turnover, liquidity and size limitations, and/or availability of cash or buying power. Additionally, certain fixed income strategies may have a narrower investment focus and may have fewer opportunities presented to them. Therefore, priority may be given to these strategies based on a pre-defined waterfall for each bond sector.

The Adviser believes that over time, the methods it uses to allocate trades is fair and equitable. Funds and

accounts that participate in the purchase or sale of 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 Adviser will allocate executed shares/bonds on a pro-rata basis based on the amount of assets in each order, subject to limited exceptions including, but not limited to, minor adjustments for rounding odd-lots, and de minimis considerations. Equity allocations may also be allocated using a 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.

As previously discussed, the Adviser 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 Adviser’s duty to seek best execution for the Funds and with operational efficiency, BBH, including the Adviser, may, in its discretion, permit brokers or dealers to combine trades for one Fund with trades for other funds and accounts. When trades are combined, no account (including those of BBH partners and BBH and Adviser personnel) will be favored over any other account with respect to allocation percentages or execution price over an extended period of time. The allocation of securities purchased in batched trades is intended to be accomplished fairly and equitably in accordance with the Adviser’s policies and procedures.

Allocations for equity and fixed income trades are generally made by the end of the day on which the trade is executed, absent atypical circumstances.

Trade allocation when both Funds and BBH 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 trade is executed through more than one dealer at different prices, allocations will be completed in such a way that both the BBH accounts and Funds receive the same weighted average price.

❖ Cross Trades

Under certain circumstances, the Adviser, on behalf of the Fund, may seek to buy from or sell securities that have a readily available market quotations² to another fund or account advised by BBH or the Adviser. Subject to applicable law and regulation, BBH or the Adviser may (but is not required to) effect purchases and sales between BBH or the Adviser’s clients (“cross trades”), including a Fund, if BBH or the Adviser believe such transactions are appropriate based on each party’s investment objectives and guidelines. Any such transaction will be “crossed” or transferred in compliance with the requirements of Rule 17a-7 under the Investment Company Act of 1940 between the relevant accounts at an independently determined market price and without either client incurring brokerage commissions, although customary custodian and transfer

² Rule 2a-5(c) under the Investment Company Act of 1940, as amended (the “1940 Act”) defines the term “readily available market quotations” for purposes of the definition of “value” under Section 2(a)(41)(A) of the 1940 Act as a “quoted price (unadjusted) in active markets for identical investments that the fund can access at the measurement date, provided that a quotation will not be readily available if it is not reliable.” Evaluated prices are not readily available market quotations as they are not based upon unadjusted quoted prices from active markets for identical investments. In addition, for the same reason, “indications of interest” and “accommodation quotes,” would also not be “readily available market quotations” for the purposes of rule 2a-5(c).

fees will normally be incurred. There are potential conflicts of interest or regulatory issues relating to these transactions that could limit the Adviser's decision to engage in these transactions for a Fund. BBH or the Adviser may have a potentially conflicting division of loyalties and responsibilities to the parties in such transactions.

❖ Foreign Exchange Trading

In connection with transactions in foreign securities for the Funds, the Adviser enters into transactions for the purchase and sale of one or more foreign currencies. The Adviser may combine foreign currency transactions for several Funds. The Funds do not trade with BBH's Foreign Exchange Department on a principal basis. However, BBH may process certain transactions in restricted markets on an agency basis.

❖ Trade Errors

The Adviser will investigate trade errors and determine whether reimbursement to the Funds is warranted. The Adviser will not be responsible for trade errors resulting from an act or omission by any unaffiliated person (including unaffiliated persons the Adviser retains to provide services to a Fund, unless the Adviser 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 Adviser 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 by the Adviser at least annually. Generally, Fund 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 risk officers or portfolio management personnel of the Adviser and are reported to the governing committee of the Adviser.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

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

ITEM 15 CUSTODY

BBH currently serves as custodian for the funds of the BBH Trust (the "Trust") pursuant to an agreement with the Trust, while J.P. Morgan SE, Luxembourg Branch, serves as the custodian for the UCITS.

ITEM 16 INVESTMENT DISCRETION

The Adviser has investment discretion over the 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' offering documents and applicable law.

When the Adviser engages a sub-adviser, the sub-adviser has trading and brokerage discretion over the sub-advised Fund. As part of that engagement, the Adviser 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. It should be noted that, when deemed appropriate, the Adviser may manage all or a portion of a sub-advised Fund's assets according to the Fund's principal investment strategies.

ITEM 17 VOTING CLIENT SECURITIES

The Adviser has adopted a Proxy Voting & Class Action Policy and Procedure, available to Fund investors upon request, which is designed to prevent conflicts of interest from influencing proxy voting decisions that the Adviser makes on behalf of the Funds. Actual proxy voting decisions of the Adviser 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 Adviser believes such voting decisions to be in accordance with its fiduciary obligations. Unless otherwise stated in the investment management agreement, the Adviser maintains the right to vote proxies on behalf of the Funds and utilizes the services of a third-party proxy agent in making voting decisions. The Adviser reserves the right to vote proxies in a manner that is different than the vote recommended by third-party proxy agents. When the Adviser uses a sub-adviser, the sub-adviser generally votes proxies on behalf of the Fund. BBH 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 Funds during relevant class action periods. BBH is solely responsible for any fees paid to such third party. There may be instances in which BBH's interests' conflict, or appear to conflict, with client interests. BBH's duty is to vote proxies in the best interests of the clients. BBH votes portfolio proxies without regard to any other business relationship between BBH and the company to which the portfolio votes proxies. BBH generally seeks to avoid such material conflicts of interest by maintaining separate investment decision making processes to prevent the sharing of business objectives with respect to proposed or actual actions regarding portfolio proxy voting decisions. BBH has developed procedures to help identify and mitigate conflicts that may arise. Fund investors may obtain information from the Adviser about how the Adviser voted their securities upon request.

ITEM 18 FINANCIAL INFORMATION

The Adviser 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 Adviser 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 Adviser been the subject of a bankruptcy petition at any time during the past ten years.