



LEA 02	Disclosures: Mandatory	Reason for Interaction	Principle: PRI 1, 2, 3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues</p> <p><input checked="" type="checkbox"/> To enhance corporate transparency or identify the need for additional or improved ESG disclosure</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage via internal staff</p>	<p><input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues</p> <p><input checked="" type="checkbox"/> To enhance corporate transparency or identify the need for additional or improved ESG disclosure</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage via internal staff</p>	
Collaborative engagements	<p><input type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency or identify the need for additional or improved ESG disclosure</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage via collaborative engagements</p>		
Service provider engagements	<p><input type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency or identify the need for additional or improved ESG disclosure</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage via service providers</p>		

RI TRANSPARENCY REPORT

2017

Breckinridge Capital Advisors

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2017 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Private							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Private							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	✓	Private	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 17	Innovative features of approach to RI	✓	Private							✓
SG End	Module confirmation page	✓	-							

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive,active strategies	✓	Private							✓
FI 02	Option to report on <10% assets	🔒	n/a							✓
FI 03	Breakdown by market and credit quality	✓	Private							✓
FI 04	Incorporation strategies applied	✓	Public	✓						
FI 05	ESG issues and issuer research	✓	Private	✓						
FI 06	Processes to ensure analysis is robust	✓	Public	✓						
FI 07	Types of screening applied	🔒	n/a	✓						
FI 08	Negative screening - overview and rationale	🔒	n/a	✓						
FI 09	Examples of ESG factors in screening process	🔒	n/a	✓						
FI 10	Screening - ensuring criteria are met	🔒	n/a	✓						
FI 11	Thematic investing - overview	🔒	n/a	✓						
FI 12	Thematic investing - themed bond processes	🔒	n/a	✓						
FI 13	Thematic investing - assessing impact	🔒	n/a	✓						
FI 14	Integration overview	✓	Public	✓						
FI 15	Integration - ESG information in investment processes	✓	Public	✓						
FI 16	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 17	ESG incorporation in passive funds	🔒	n/a	✓						
FI 18	Engagement overview and coverage	✓	Private		✓					
FI 19	Engagement method	✓	Private	✓	✓					
FI 20	Engagement policy disclosure	✓	Private	✓	✓					
FI 21	Financial/ESG performance	✓	Private							✓
FI 22	Examples - ESG incorporation or engagement	✓	Private	✓	✓					
FI 23	Communications	✓	Public		✓				✓	
FI End	Module confirmation page	✓	-							

Breckinridge Capital Advisors

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic Information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 01.2

Additional information. [Optional]

Breckinridge Capital Advisors is a Boston-based, independently owned investment advisor specializing in high-quality fixed income portfolio management. Our distinct approach to investing is characterized by our:

- Singular focus on high-quality fixed income
- Strong belief in customized separate accounts
- Commitment to rigorous bottom-up credit research
- Expertise in ESG integration
- Continuous emphasis on innovation

Working through a network of investment consultants and advisors, we serve a wide variety of clients ranging from high net worth individuals to large institutions. Breckinridge's assets under management totaled more than \$25 billion as of December. 31, 2016.

As a Massachusetts Benefit Corporation and certified B Corp, we are driven by the responsibility to create positive, long-term impact for our clients, employees, stakeholders and the communities in which we live, work and invest.

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

United States

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

63

OO 02.4 Additional information. [Optional]

Breckinridge is headquartered in Boston, Massachusetts and we opened our second office in San Diego, California in September 2015.

OO 03 **Mandatory** **Public** **Descriptive** **General**

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04 **Mandatory** **Public** **Gateway/Peering** **General**

OO 04.1 Indicate the year end date for your reporting year.

31/12/2016

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.

	trillions	billions	millions	thousands	hundreds
Total AUM		25	950	611	064
Currency	USD				
Assets in USD		25	950	611	064

OO 06 **Mandatory** **Public** **Descriptive** **General**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

OO 06.1 How you would like to disclose your asset class mix.

- as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0

Fixed income	100	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

as broad ranges

OO 06.2

Publish our asset class mix as per attached image [Optional].

Gateway asset class implementation indicators

OO 11

Mandatory

Public

Gateway

General

OO 11.1

Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

- Fixed income - SSA
- Fixed income - corporate (financial)
- Fixed income - corporate (non-financial)
- None of the above

OO 12

Mandatory

Public

Gateway

General

You will need to make a selection in OO 12.1 only if you have any voluntary modules that you can choose to report on.

OO 12.1

Select from below any additional applicable modules or sections you would like to report on voluntarily. You are only required to report on asset classes that represent 10% or more of your AUM.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Fixed Income

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

Closing module

- Closing module

Breckinridge Capital Advisors

Reported Information

Public version

Strategy and Governance

PRI disclaimer

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.4

Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)

other (1) description

Breckinridge's responsible investment policy has been informed by MSCI, Sustainalytics, CDP, CERES, SPI, AASHE and SASB.

- Other, specify (2)

other (2) description

In 2016, our goal was to standardize our engagement process, while simultaneously deepening the level of dialogue with companies on ESG issues.

Other, specify (3)

other (3) description

In 2017, our goal is to identify Breckinridge ESG investing's key performance indicators.

None of the above

No

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1 Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment

URL

URL

<http://www.breckinridge.com/strategies/sustainable/brochure/>

Attachment (will be made public)

Attachment

[File 1:Breckinridge Sustainability Brochure.pdf](#)

- Formalised guidelines on environmental factors
- Formalised guidelines on social factors
- Formalised guidelines on corporate governance factors
- Asset class-specific RI guidelines

URL/Attachment

URL

URL

<http://www.breckinridge.com/insights/whitepapers/esg-integration-in-corporate-esg/>

Attachment (will be made public)

Attachment

[File 1:Investment Ratings Framework for Municipal Bonds.pdf](#)

[File 2:Investment Ratings Framework for Corporate Bonds.pdf](#)

[File 3:ESG Integration in Corporate Fixed Income.pdf](#)

- Sector specific RI guidelines
- Screening / exclusions policy
- We do not publicly disclose our investment policy documents

SG 02.4 Additional information [Optional].

Above we have attached our sustainable investing brochure, which provides an overview of our approach to ESG integration and sustainable investing. We have also attached papers that provide an overview of our frameworks for analyzing both municipal and corporate bonds (asset class-specific guidelines). Breckinridge's sector specific guidelines are not publicly available. In 2016, Breckinridge launched a quarterly ESG Newsletter. Our ESG Newsletter features insights about Breckinridge's ESG integration approach, analysis of key industry trends, and commentary on the core thematic issues in the space. For more, please visit: <http://www.breckinridge.com/insights/?type=esg-newsletter>

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2 Describe your policy on managing potential conflicts of interest in the investment process.

Management of conflicts of interest are covered in several policies and procedures, most notably in our Code of Ethics, Proxy Voting Policy and Allocation Policy. We expect employees to adhere to the highest standards of ethical conduct and to act in our clients' best interests. Employees are expected to disclose any potential conflicts of interest with clients, including personal activities that could cause such conflicts. Generally, employees are not permitted to invest in securities that would be eligible for client portfolios, nor are they permitted to invest in any of the company's strategies. Although Breckinridge does not regularly receive proxy ballots for fixed income securities, the firm has a policy to vote proxies in the best interest of the shareholder. Additionally, when allocating investment opportunities, we seek to treat all clients in a fair and equitable manner. To the extent that the amount of bonds is insufficient to fill the entire inquiry, priority of the client portfolios will generally be chronological, with those that were in the queue first receiving allocations.

No

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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SG 05.1 Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
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SG 07.1 Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
Research Directors, CCO, CTO

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
- Investor relations
- Other role, specify (1)
- Other role, specify (2)

SG 07.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

Breckinridge is led by a Board of Directors acting for the benefit of all stakeholders and guiding an Executive Committee that sets the strategies and trajectory of the firm. Our Executive Committee has oversight of the firm's, sustainable investment approach. Our chief investment officer is responsible for monitoring the overall sustainable investment activities of our portfolio managers and credit analysts. Our Credit Research team is required to evaluate each investment opportunity based on its financial and ESG performance. They then formulate an opinion that is communicated via a centrally accessible portfolio management/trading platform for execution. While all analysts share responsibility for ESG research, in 2016, we hired a senior ESG analyst who oversaw our issuer engagement process and also prioritized ESG integration efforts, while simultaneously performing investment research and analysis. Breckinridge's chief compliance officer and credit research directors work with investment professionals to help ensure policies and processes are followed and sustained.

SG 07.3

Indicate the number of dedicated responsible investment staff your organisation has.

Number

2

SG 07.4

Additional information. [Optional]

All employees take part in Breckinridge's environmental, social, and governance (ESG) efforts and all investment professionals share ESG investing responsibility. Breckinridge's ESG investment approach is ultimately driven by research. Our portfolio managers and traders are responsible for the construction of our portfolios and sustainable strategy implementation. In 2016, Breckinridge had two dedicated responsible investment professionals: a director of ESG research and a senior ESG analyst that was hired in 2016 to oversee our issuer engagement process and prioritize ESG integration efforts, while simultaneously performing investment research and analysis

Promoting responsible investment

SG 09

Mandatory

Public

Core Assessed

PRI 4,5

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Breckinridge remained involved with the PRI's bondholder engagement and credit rating agency subcommittees in 2016.

- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Breckinridge made a donation to CDP in 2016 to support its CDP Cities initiative.

- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Breckinridge is a signatory and has participated in their organizational calls from time-to-time.

- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Breckinridge maintained our membership in ICCR in 2016. We have also attended conferences and had discussions with ICCR staff about how to enhance our corporate engagement efforts.

- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

In May 2016, Rob Fernandez attended the INCR annual meeting and participated in a panel session on ESG integration at the full Ceres conference.

- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
US SIF

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

President Peter Coffin is a past member of the US SIF board and Breckinridge continued to sponsor their annual conference in 2016, and an analyst from Breckinridge attended the conference.

- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
SASB

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

In 2016, Peter Coffin, president of Breckinridge, became a founding member of SASB's Investor Advisory Group (IAG). In addition, Ben Smelser, vice president, trader, at Breckinridge was also a member on the board. According to SASB, IAG members "recognize the need for consistent, comparable and reliable disclosure of material and decision-useful ESG information". IAG members will encourage companies to disclose ESG information, among other objectives. In addition, to highlight SASB's work, Breckinridge co-hosted a luncheon event in November 2016, in San Francisco for clients featuring Janine Guillot, SASB's Director of Capital Markets Policy and Outreach.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

SG 10.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

- No

SG 10.3

Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

Engagement:

Breckinridge believes that engagement leverages our voice as a stakeholder to bring greater focus on management's stewardship of ESG issues, in accordance with the Principles for Responsible Investment (PRI). Bondholders play a key role in the capital structure, but unlike shareowners, we have no formal venue such as proxy voting where our voice can be heard systematically. To address this, we direct our engagement efforts to private dialogues with management. During these discussions, we gain a better understanding of the credit and

ESG profiles of borrowers and the material issues, opportunities and risks they face. At the same time, we proactively encourage transparent reporting on material ESG issues and the management of those risks, especially when disclosure falls below best practices.

In 2016, we hired a senior ESG analyst in order to refine and enhance our issuer engagement effort. We developed a structured process for corporate engagement that prioritizes questions such as the strategic significance of ESG to the issuer, the linkages between ESG factors and financial results, and the issuer's efforts toward integrated reporting. Additionally, our questions address material ESG factors, as determined by our Investment Team. We also shared key learnings from our engagement efforts as part of industry roundtable discussions with peers and ESG experts and through thought leadership. This includes:

- UN PRI Bondholder Engagement Working Group
- High Meadows Institute "Roundtable Discussion on Stakeholder Engagement" and case study titled "Incorporating ESG Considerations into Engagement Practices"
- Breckinridge Blog "How Corporate Engagement Presents a Fuller Picture"
- ESG Newsletter

ESG Newsletter:

To enhance our voice in the sustainable investment space, in 2016, Breckinridge launched a quarterly ESG Newsletter. Our ESG Newsletter features insights about Breckinridge's ESG integration approach, analysis of key industry trends, and commentary on the core thematic issues in the space. Selected articles include:

- "Why ESG Integration Matters"
- "When ESG and Impact Investing Align"
- "Betting on Social Progress"
- "Investors and the 'Fiery Urgency of Now'"
- "Incentivizing Corporate Long-Termism"
- "Impact Reporting: A New Path Forward"

PR Activities:

In 2016, Breckinridge was quoted in the following publications.

- IFR/Reuters - "Green Bonds Go Social"
- Global Water Intelligence - "Water asserts its authority as a viable subset of the green bonds market"
- Global Capital - "Spotting losers and winners before the market does"
- Water Deeply - "The Big Shortage: How Drought is Impacting Water Investment Markets"

Speaking Engagements:

In 2016, Breckinridge promoted responsible investment through speaking opportunities at the following events:

- Net Impact - Career Summit
- Morgan Stanley - Investing with Impact Forum: Sustainable Investment Strategies from Development to Implementation
- Boston Municipal Analysts Forum - Green Bond Masterclass
- Ceres - Annual Sustainability Conference
- CECP - Strategic Investor Initiative
- New York Society of Security Analysts - Sustainability & Value Conference
- CFA Institute - US SIF Webinar on ESG
- Ceres - Municipal Water Utility Green Bond Webinar
- Confluence - Philanthropy Conference
- investMnT Conference - The CFA Society of Minnesota
- UN PRI - Western North American Conference
- Washington University - Impact Investing Symposium
- Merrill Lynch - Impact Investing University
- Intentional Endowment - Sustainability Forum
- Morgan Stanley - Nonprofit Leadership Summit

2016 Conference Attendance:

- Citigroup Engagement Meeting - Ceres Lead
- Ceres Climate Summit
- UN PRI - 10 Year Conference
- US SIF Annual Conference
- BASIC Investing for Impact
- TOOLKIT Gender Lens Investing Workshop Conference
- SRI in the Rockies (Conference on Sustainable, Responsible, Impact Investing)
- Diocesan Fiscal Management Conference
- World Resources Institute - Sustainable Investing Forum
- SOCAP 16 Conference
- Credit Suisse Conservation Finance Conference

In 2016, Breckinridge promoted responsible investment through sponsorship of the following organizations:

- Sierra Club Trail Blazers Ball
- SASB
- Clean Fifteen Consortium - Croatan Institute & SOCAP
- Morgan Stanley Nonprofit Leadership Summit - Breckinridge also spoke at the summit
- CDP

In addition, in 2016, Breckinridge continued to work with CERES, NRDC and E2 (Environmental Entrepreneurs) to understand rules which govern a variety of federal and state issues surrounding renewable energy, efficiencies and electric sector emissions.

Implementation not in other modules

SG 12	Mandatory	Public	Descriptive	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1	Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.
----------------	--

- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

SG 12.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

- We do the following
 - Allocation between asset classes
 - Determining fixed income duration
 - Allocation of assets between geographic markets
 - Sector weightings
 - Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 12.3

Additional information. [OPTIONAL]

ESG analysis informs our sector allocations within corporate and municipal issuers. Additionally, as a custom separate account manager, we are able to target certain broad geographical areas through municipal and supranational bonds upon client request.

Breckinridge Capital Advisors

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

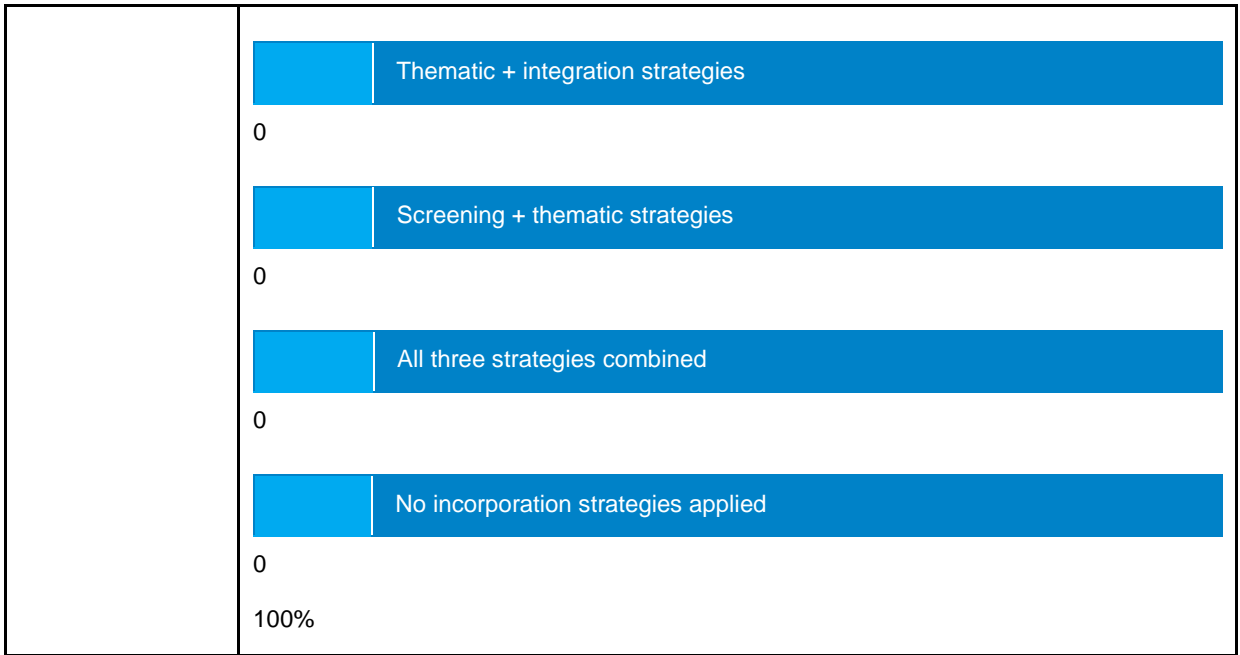
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ESG incorporation in actively managed fixed income

Implementation processes

FI 04	Mandatory	Public	Gateway	PRI 1
FI 04.1	Indicate 1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and 2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.			

SSA	<table border="1"> <thead> <tr> <th>Strategy</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Screening alone</td> <td>0</td> </tr> <tr> <td>Thematic alone</td> <td>0</td> </tr> <tr> <td>Integration alone</td> <td>100</td> </tr> <tr> <td>Screening + integration strategies</td> <td>0</td> </tr> <tr> <td>Thematic + integration strategies</td> <td>0</td> </tr> <tr> <td>Screening + thematic strategies</td> <td>0</td> </tr> <tr> <td>All three strategies combined</td> <td>0</td> </tr> <tr> <td>No incorporation strategies applied</td> <td>0</td> </tr> <tr> <td>Total (any strategy)</td> <td>100%</td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	0	Thematic alone	0	Integration alone	100	Screening + integration strategies	0	Thematic + integration strategies	0	Screening + thematic strategies	0	All three strategies combined	0	No incorporation strategies applied	0	Total (any strategy)	100%
Strategy	Percentage																				
Screening alone	0																				
Thematic alone	0																				
Integration alone	100																				
Screening + integration strategies	0																				
Thematic + integration strategies	0																				
Screening + thematic strategies	0																				
All three strategies combined	0																				
No incorporation strategies applied	0																				
Total (any strategy)	100%																				
Corporate (financial)	<table border="1"> <thead> <tr> <th>Strategy</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Screening alone</td> <td>0</td> </tr> <tr> <td>Thematic alone</td> <td>0</td> </tr> <tr> <td>Integration alone</td> <td>100</td> </tr> <tr> <td>Screening + integration strategies</td> <td>0</td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	0	Thematic alone	0	Integration alone	100	Screening + integration strategies	0										
Strategy	Percentage																				
Screening alone	0																				
Thematic alone	0																				
Integration alone	100																				
Screening + integration strategies	0																				



Corporate (non-financial)	Screening alone	0
	Thematic alone	0
	Integration alone	100
	Screening + integration strategies	0
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
	100%	

FI 04.2 Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

We believe the market frequently ignores, and thus under prices, long-term risks that may be material to municipalities and corporations. It's most likely due to the fact that today's market suffers from a fixation on the short-term, and consequently seems less inclined to sufficiently account for significant challenges that lie ahead. We believe it's also due to the fact that most investors still don't consider the relevance of extra-financial factors, such as environmental, social and governance (ESG) factors. Breckinridge takes a very different view. We firmly believe that fully integrating the analysis of ESG factors into our research makes us smarter investors; that is, we can be better equipped to recognize under-priced risks and take a longer-term horizon for investing.

Breckinridge's integration of ESG research is entirely consistent with our investment philosophy. ESG is not simply a new strategy or product. Rather, it is fully integrated into our core investment process and it is a reflection of our commitment to rigorous, forward-looking research. Our highest priority at Breckinridge is to assure the security and safety of cash flows from principal and interest payments, and we believe ESG integration plays an important role in helping us carry out this mission.

FI 04.3	Additional information [Optional].
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Since 2011, we have fully integrated ESG criteria into our core investment process and have developed proprietary frameworks to generate sustainability ratings that inform our internal credit ratings for issuers. We believe that this type of analysis provides a long-term, forward-looking perspective that can help identify and price credit risk. Ultimately, we strongly believe that integrating ESG analyses with traditional financial analyses can lead to improved long-term risk-adjusted returns.

We also offer clients the opportunity to select high-quality sustainable fixed income strategies that emphasize ESG criteria. These strategies identify and selectively invest in issuers with above average ESG profiles and bonds that fund essential environmental, social or economic development projects. In addition, as a customized separate account manager, we have the ability to implement negative screens through security-level or sector-based restrictions, or positive and/or thematic screens as it relates to an area of interest to the investor. We also offer a range of values-based mandates ranging from fossil fuel free to gender lens mandates for investors.

FI 06	Mandatory	Public	Additional Assessed	PRI 1
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FI 06.1	Indicate how you ensure that your ESG research process is robust:
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- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits of ESG research are undertaken in a systematic way
- ESG analysis is benchmarked for quality against other providers
- Other, specify

	specify description
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We cross reference our insights on material ESG factors in direct discussions with issuers as part of our engagement process.

- None of the above

FI 06.2	Describe how your ESG information or analysis is shared among your investment team.
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- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is a standard item on all individual issuer summaries, 'tear sheets', 'dashboards' or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

(C) Implementation: Integration				
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FI 14	Mandatory	Public	Descriptive	PRI 1
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FI 14.1

Describe your approach to integrating ESG into traditional financial analysis.

Breckinridge has fully integrated ESG analysis into our core investment process, and the analysis of ESG factors is part of our traditional fundamental credit analysis. Our sustainability assessment consists of analyzing a wide range of ESG factors through a rigorous quantitative as well as qualitative process.

Municipal ESG Research

Quantitative Assessment: We determine our ESG performance indicators based on a number of internal and external sources as described in our response to question FI 14.2 (SSA) below. These ESG indicators are then weighted and scored within the context of internally-developed sustainability frameworks.

Qualitative Assessment: Our analysts review a municipality's sustainability plan, if available, and evaluate its environmental and social initiatives. Engagement calls with municipalities also supplement our ESG research.

Sustainability Rating: We assign a sustainability rating based on an issuer's quantitative score as well as our qualitative assessment of the issuer. Once the analyst determines his/her sustainability rating for an issuer, he/she incorporates that rating into the overall credit rating for the issuer. In general, credit analysts can raise the internal rating to reflect low ESG risks, or downgrade the rating if ESG risks are considered high or poorly-managed.

Corporate (Financial & Non-Financial) ESG Research

Quantitative Assessment: We determine our ESG performance indicators based on a number of internal and external sources, described in our response to question FI 14.2 (corporate financial and non-financial) below. These ESG indicators are then weighted and scored within the context of an internally-developed sustainability framework.

Qualitative Assessment: As part of our qualitative credit research, our corporate analysts review a company's ESG policies and targets. Analysts also consider how corporate management teams articulate their strategic priorities and where sustainability issues are viewed as an opportunity to drive revenue growth. Additionally, takeaways from our engagement calls with corporate management teams may have an impact on the analyst's ESG and overall credit opinions for a company.

Sustainability Rating: Our analysts are informed by an issuer's quantitative score and consider internal qualitative analysis when determining a sustainability rating for an issuer. Once an analyst determines a sustainability rating for an issuer, they incorporate the sustainability rating into the overall credit rating of the issuer. In general, credit analysts can raise the internal rating of an issuer to reflect low ESG risks, or downgrade the rating if ESG risks are considered high or poorly-managed.

FI 14.2

Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.

SSA**Environmental**

When evaluating environmental risk, our examination is two-fold. For municipal bonds, we consider the "essentiality" of a bond's purpose to the municipality, as well as the environmental sustainability practices of the issuing entity. Breckinridge understands the more a project or public organization's purpose aligns with the environmental, social needs and values of its constituents, the more likely that bond investors will be repaid. At the issuer level, to assess environmental risks, we evaluate indicators such as the depth and breadth of sustainability plans and the region's air quality.

Social

Breckinridge's examination of social risk is also two-fold. Again, we consider the "essentiality" of a bond's purpose as well as the social and economic characteristics related to each issuer. Social indicators such as the local unemployment rate, median household income, affordability of the community's housing stock and education level of the residents are evaluated, as poor performance on these measures could portend long-term credit stress. We believe that municipalities that prudently invest to strengthen their communities' social and economic fabric pose fewer social and long-term investment risks.

Governance

Breckinridge strongly believes that sound governance can reduce default risk. Municipalities that think beyond immediate budgetary needs tend to avoid destabilizing credit events. Examples of sound practices may include close monitoring of long-term pension liabilities and principal maturities, implementing affordable capital plans,

or instituting strong financial controls. We have also expanded our governance analysis to include a systematic assessment of a municipality's disclosure practices.

City/County Framework

Breckinridge introduced a new framework for analyzing cities and counties that we believe is the first of its kind to combine measures of economic success with social progress. This innovative approach enables our firm to reach beyond more-widely accepted sustainability-focused investment analyses and emphasize inclusiveness as a potential key determinant of long-term investment performance. The two main components of the city/county framework include economic metrics and inclusiveness metrics. The economic category includes a range of traditional economic indicators for cities and counties. The inclusiveness category is modelled after the globally recognized Social Progress Index (SPI) and evaluates cities and counties on three key dimensions:

- Basic Human Needs
- Foundations of Wellbeing
- Opportunity

The impetus for the new city/county framework is our belief that communities that are thriving both economically and socially are more attractive to talented and diverse citizens as well as companies that will continue to enhance these communities and ensure their social and economic stability over the long term. As such, Breckinridge believes that inclusive communities should exhibit stronger creditworthiness and offer greater opportunity and lower risk for investors.

Corporate (financial)

Our approach to ESG analysis for financial and non-financial corporates is largely similar. However, ESG factors and materiality will differ. Also, due to the unique regulatory oversight of large financial institutions, a greater focus of our ESG research is made to a financial company's history of managing its relationships with regulatory bodies. Additionally, Breckinridge's high-quality fixed income focus gives us a unique perspective and opportunity to assess the financial sector's landscape.

Corporate (non-financial)

Environmental

Breckinridge believes that corporate issuers who are efficiently managing their environmental impact may have lower regulatory and event risk. We also believe that close monitoring of environmental impacts may help certain bond issuers better manage their resource footprint. We examine a number of indicators and reports to evaluate environmental risks. At a high level, they include:

- Sustainalytics, MSCI ESG research, and Newsweek Green Rankings
- Bloomberg ESG data for trends and targets
- Company reports on environmental liabilities, carbon emissions and other key issues

Social

Breckinridge believes that corporate investors who carefully weigh the costs and benefits associated with social practices mitigate controversy risk, and hence reduce our investment risk. Controversy risk can rise when a corporation fails to adequately engage employees, customers or other key stakeholders when implementing certain corporate policies. We believe that managing a "social" footprint is an integral component of brand management and can have a clear impact on bond prices and price volatility. We examine a number of indicators to evaluate social risks. At a high level, they include:

- Sustainalytics and MSCI Corporate Social Responsibility (CSR) reporting
- Bloomberg ESG data for trends and targets
- External reporting on sustainability initiatives
- Controversy scores from Sustainalytics and MSCI

Corporate Governance

Breckinridge believes corporate issuers with sound governance practices represent lower-risk investments for bondholders. Corporations that self-evaluate business practices through independent boards and audits may

be less likely to sanction inappropriately-structured executive pay packages or engage in questionable accounting practices. Management and governance practices are also associated with better disclosure of financial and non-financial information. Disclosure can prove vital to a company's effort to drive corporate responsibility, transparency and sustainability throughout its operations. We evaluate governance risks by examining a number of key issues, such as the structure and independence of the board of directors and the strength of its bribery and corruption policies.

FI 15	Mandatory	Public	Core Assessed	PRI 1
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FI 15.1	Indicate how ESG information is typically used as part of your investment process.
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Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is integrated into security weighting decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis is integrated into portfolio construction decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis is a standard part of internal credit ratings or assessment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis for issuers is a standard agenda item at investment committee meetings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis is regularly featured in internal research notes or similar	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is a standard feature of ongoing portfolio monitoring	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis features in all internal issuer summaries or similar documents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

FI 15.2	Additional information [OPTIONAL]
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ESG is fully integrated into our investment process and informs our credit research decisions. Resultantly, both sector weighting decisions and portfolio construction are influenced by our ESG analysis. For our sustainable strategies, ESG analysis is integrated into both sector weighting decisions and portfolio construction.

FI 16.1 Indicate the extent to which ESG issues are reviewed in your integration process.

	Environment	Social	Governance
SSA	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (financial)	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (non-financial)	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all

FI 16.2 Please provide more detail on how you review E, S and G factors in your integration process.

SSA

Environmental

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Corporate (financial)

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Corporate (non-financial)

Environmental

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Social

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Corporate Governance

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responsibility, transparency and sustainability throughout its operations. We evaluate governance risks by examining a number of key issues, such as the structure and independence of the board of directors and the strength of its bribery and corruption policies.

Communication

FI 23	Mandatory	Public	Core Assessed	PRI 2,6
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FI 23.1	Indicate if your organisation proactively discloses information on your approach to RI across all of your fixed income investments.
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- We disclose it publicly

	Provide URL
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<http://www.breckinridge.com/strategies/sustainable/brochure/>

	Provide URL
--	-------------

<http://www.breckinridge.com/strategies/sustainable/index.html>

FI 23.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
---------	---

- Yes
 No

FI 23.3	Indicate the information your organisation proactively discloses to the public regarding your approach to RI incorporation.
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- Broad approach to RI incorporation
 Detailed explanation of RI incorporation strategy used

FI 23.4	Indicate how frequently you typically report this information to the public.
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- Quarterly or more frequently
 Biannually
 Annually
 Less frequently than annually
 Ad-hoc/when requested

FI 23.5

Indicate the information your organisation proactively discloses to clients/beneficiaries regarding your approach to RI.

- Broad approach to RI incorporation
- Detailed explanation of RI incorporation strategy used

FI 23.6

Indicate how frequently you typically report this information to clients/beneficiaries.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries

FI 23.7

Additional information. [Optional]

Breckinridge regularly publishes information on our approach to ESG in our ESG newsletter and blog. Below are several relevant articles and posts, which provide a sampling of the information we publish publicly.

Why ESG Integration Matters:

How ESG analysis helps us develop deep insights that drive smart investment decisions.

<http://www.breckinridge.com/insights/details/why-esg-integration-matters/>

ESG Integration In Corporate Fixed Income:

We have found that taking an integrated approach to investment research provides a more comprehensive and forward-looking evaluation of a borrower's ability to repay.

<http://www.breckinridge.com/insights/details/esg-integration-in-corporate-fixed-income/>

Betting On Social Progress:

How we reframed our analysis of cities and counties to emphasize social progress.

<http://www.breckinridge.com/insights/details/betting-on-social-progress/>

When ESG And Impact Investing Align:

How corporate analysis can make an impact.

<http://www.breckinridge.com/insights/details/when-esg-and-impact-investing-align/>