



LEA 02	Disclosure: Mandatory	Reason for Interaction	Principle: PRI 1, 2, 3
<p>Type of engagement Individual/ internal staff engagements</p>	<p>Reason for Interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input checked="" type="checkbox"/> To engage internal staff <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage 	<p>Type of engagement Individual/ internal staff engagements</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input checked="" type="checkbox"/> To engage internal staff <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage 	
<p>Type of engagement Collaborative engagements</p>	<p>Reason for Interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input checked="" type="checkbox"/> To engage internal staff <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage 	<p>Type of engagement Collaborative engagements</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input checked="" type="checkbox"/> To engage internal staff <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage 	
<p>Type of engagement Service provider engagements</p>	<p>Reason for Interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input checked="" type="checkbox"/> To engage internal staff <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage 	<p>Type of engagement Service provider engagements</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input checked="" type="checkbox"/> To engage internal staff <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage 	

RI TRANSPARENCY REPORT

2013/14

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 2013-14 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. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly 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.

PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

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	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	-	n/a							✓
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							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	-	n/a							✓
OA 07	Governance, management structures and RI processes	-	n/a							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	-	n/a				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	-	n/a	✓						
OA 14	Allocation of assets to environmental and social themed areas	-	n/a	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	-	n/a							✓

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	✓	Private	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	-	n/a	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	-	n/a	✓						
FI 09	Types of sustainability thematic funds/mandates	-	n/a	✓						
FI 10	Description of ESG integration	-	n/a	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	-	n/a	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	-	n/a	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	-	n/a	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
FI 19	Engagement with corporate issuers	✓	Private		✓					
FI 20	Engagement with government issuers	✓	Private		✓					

Breckinridge Capital Advisors

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01	Mandatory	Gateway/Peering	General
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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 only services

OO 01.2 Additional information. [Optional]

Breckinridge Capital Advisors is a Boston-based investment advisor specializing in the management of high-grade fixed-income portfolios for institutions and private clients. Working through a network of investment consultants and advisors, Breckinridge offers municipal, corporate, government and sustainable bond strategies in customized separate accounts.

OO 02	Mandatory	Peering	General
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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

53

OO 03	Mandatory	Descriptive	General
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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** **Gateway/Peering** **General**

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

31/12/2013

OO 04.2 Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		18	356	315	005
Currency	USD				
Assets in USD		18	356	315	005

OO 04.3 Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

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

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income – corporate	<10%	0
Fixed income – government	>50%	0
Fixed income – other	<10%	0
Private debt	0	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	<10%	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

Gateway asset class implementation indicators

OO 11	Mandatory	Gateway	General
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OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- Fixed Income – other
- Cash
- None of the above

OO 12	Mandatory	Gateway	General
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OO 12.1

The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Fixed Income

- Fixed Income - Corporate
- Fixed Income - Government

Closing module

- Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

Breckinridge Capital Advisors

Reported Information

Public version

Overarching Approach

PRI disclaimer

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1 Indicate if you have a responsible investment policy.

- Yes
- No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
- No

Breckinridge's Overall Sustainable Investment Approach:

At Breckinridge sustainability is an integral part of our business and investment approach. We strive to provide the highest caliber of fixed-income management, facilitating a sustainable flow of capital from long-term investors to responsible municipal and corporate borrowers. As fixed-income investors, we are forward-thinkers. We seek to assess the reliability of future cash flows and identify future risks. We maintain a long-term focus and view our investments as medium- to long-term commitments.

We believe it is our obligation as investors to lead and encourage a shift in focus within the investment community from short-term performance to long-term investing. Long-term investing favors enterprises that are operating in a sustainable manner today with an eye to material issues that may affect their performance in the future. We believe a shift to long-term investing can be best achieved by moving beyond traditional financial analysis to a comprehensive assessment of both financial and non-financial ESG performance.

Our approach to the credit research of companies and municipalities connects the capital resources used including financial, natural, human and physical resources, to the external impacts produced including services provided, financial returns, environmental impacts and the "essentiality" connection with communities and society. We also assess the value creation processes used by companies and municipalities including governance, resource efficiency and labor practices. Since 2012, we have integrated environmental, social and governance (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, integrating ESG analyses with traditional financial analyses can lead to improved long-term risk-adjusted returns.

Sustainable Investment Approach:

Below we have provided an overview of our overall approach to responsible investment for both municipal and corporate bonds:

Municipal Bond Approach:

To assess the sustainability and ESG risks of a municipal issuer, we start with an evaluation of the essentiality of the purpose of the bond issue. Bonds issued for essential public projects will likely have a positive impact on the community as they finance such purposes as clean water projects and transportation infrastructure. Projects that enhance the fabric of a community and are essential to its stakeholders are correlated with lower bond default rates and are more likely to receive support in times of fiscal stress.

Secondly, we assess the sustainability of the municipal issuer using our first-in-class municipal ESG frameworks. . We created eight frameworks with in many cases sector specific ESG indicators for states, cities and counties, school districts, and public and private colleges and universities, electric utilities, community colleges, water & sewer utilities, and not-for-profit hospital systems. . When developing the frameworks, our priority was to identify metrics that would be additive to our research process and most material to credit quality. In the frameworks, data for the quantitative indicators is sourced from a variety of governmental agencies and non-governmental agencies including the US Environmental Protection Agency, and the Centers for Disease Control and Prevention. Also, we consulted with leading sustainability nonprofit organizations as we formulated our ESG methodologies. For example, we reviewed a draft of our water & sewer ESG framework with the water team at Ceres and adjusted our selected indicators based on their feedback. In other cases, instead of direct consultation, our work was guided by the expertise of such organizations as STAR Communities, which provides a comprehensive system for US local governments to assess and rate their sustainability efforts, and AASHE, which

analyses the sustainability of US colleges and universities.

We use a combination of quantitative and qualitative indicators in the frameworks. For example, in the City/County methodology, we include quantitative measures like the GINI Coefficient, a calculation of income inequality, median travel time to work, to gauge the strength of local economy. From a qualitative perspective, we review the depth and breadth of a municipality's sustainability plan.

Each factor receives a score, which is multiplied by the metric weight to calculate the final score. Using this score, we then assign the final sustainability rating using this scale:

- S-1 Acceptable social/environmental essentiality and minimal(ESG) risks.
- S-2 Acceptable social/environmental essentiality and modest ESG risks
- S-3 Acceptable social/environmental essentiality and moderate ESG risks
- S-4 Unacceptable social/environmental essentiality and high ESG risks

As a result of this analysis, securities will be selected for purchase in sustainability portfolios only if it meets our high standards for credit fundamentals and earns a favorable sustainability rating.

Corporate Bond Approach:

We also developed our own internal framework to assess and rate the sustainability of corporate bond issuers. As with municipal issuers there are four ratings, S-1 to S-4, ranging from minimal ESG risks (S-1) to high ESG risks (S-4):

- S- 1: Minimal Environmental, Social and Governance (ESG) risks
- S- 2: Modest ESG risks
- S- 3: Moderate ESG risks
- S- 4: High ESG risks

To generate a score for the corporate framework and assign a sustainability rating, we use a number of indicators that examine an issuer's history of environmental stewardship, commitment to ethical and responsible private enterprise, pledges in the areas of human rights and anti-corruption, and whether the company has articulated measurable goals around sustainability. Our analysis of each factor is premised on data drawn from various sources, including Corporate Social Responsibility Reports (CSR) and Bloomberg.

We also incorporate leading independent ESG research from MSCI and Sustainalytics (SA).. To integrate the MSCI and Sustainalytics research, Breckinridge uses a quartile approach, based on ESG scores, in order to identify the standing of corporate issuers relative to their peers. We begin with a universe of investment grade corporate issuers, which we then rank in quartiles based on MSCI and SA scores. We determine these quartiles separately to isolate differing rating methodologies between MSCI and SA. Finally, we evaluate the corporation's performance on certain third party studies including Newsweek Green Rankings and Ethisphere's Most Ethical Companies Ranking.

In this way, we use outside ESG research to complement our own internal analysis. As with municipal issuers, a corporate security will be selected for purchase in sustainability portfolios only if it meets our rigorous credit standards and earns a favorable sustainability rating.

Sustainable Strategies:

In addition to evaluating sustainability factors in our fundamental credit analysis, we also offer clients the opportunity to select high-grade fixed income strategies that focus on sustainability. These strategies identify and selectively invest in corporate, municipal, supranational and agency issuers with best-in-class ESG characteristics and bonds that fund essential environmental, social or economic development projects

Supplemental Information & Documents:

As previously mentioned, supplementary information and documents regarding our sustainable

investment and research policies are currently available on our site through the following URL's:

- <http://www.breckinridge.com/strategies/sustainable/brochure/>
- <http://www.breckinridge.com/insights/whitepapers.html?id=1269>
- <http://www.breckinridge.com/insights/whitepapers.html?id=1306>
- http://www.breckinridge.com/strategies/taxable/sustainable_focus/index.html
- http://www.breckinridge.com/strategies/tax_efficient/sustainable_focus/index.html

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1 Indicate if your responsible investment policy is publicly available.

- Yes
 No

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes
 Yes, all
 Yes, some

OA 02.4 List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Sustainability Brochure	http://www.breckinridge.com/strategies/sustainable/brochure/
White Paper: A Sustainable Approach	http://www.breckinridge.com/insights/whitepapers.html?id=1269
White Paper: Breckinridge's Corporate Credit	http://www.breckinridge.com/insights/whitepapers.html?id=1306
Web Page: Taxable Sustainable Bond	http://www.breckinridge.com/strategies/taxable/sustainable_focus/index.html
Web Page: Tax-Efficient Sustainable Bond	http://www.breckinridge.com/strategies/tax_efficient/sustainable_focus/index.html

- No

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1 Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General
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OA 04.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

OA 04.2 Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

Management of conflicts of interest are covered in Breckinridge's Compliance Manual which can be reviewed in full on site. Breckinridge evaluates its investment process for any potential conflicts of interest on an ongoing basis. We expect all employees to adhere to the highest standards with respect to any potential conflicts of interest with clients. As a fiduciary, Breckinridge must act in its clients' best interests. Neither Breckinridge nor any employee should ever benefit at the expense of any client. Employees are generally expected to discuss any perceived risks, or concerns about Breckinridge's business practices, with their direct supervisor or the CCO. Furthermore, Breckinridge employees are not permitted to invest in any of the company's strategies in order to further minimize this risk.

No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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OA 05.1 Indicate if your organisation sets objectives for its responsible investment activities.

Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
 - Biannually
 - Annually
 - Every two years or less
 - It is not reviewed
- No

Governance and human resources

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

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
Chief level staff and management

- 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
- External managers or service providers
- Other role, specify
- Other role, specify

OA 08.3	Additional information. [Optional]
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All employees take part in Breckinridge's sustainable investment management efforts. The following professionals are responsible for oversight/accountability for RI:

- Peter Coffin, President, Portfolio Management
- David Madigan, CIO, Portfolio Management
- Neil Grabowski, SVP, Director of Credit Research
- Rob Fernandez, VP, Research
- Adam Stern, Director of Municipal Research
- Nick Elfner, Director of Corporate Research

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5
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OA 10.1	Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.
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Yes

OA 10.2	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.
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Select all that apply

- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change

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

- Basic
- Moderate
- Advanced

- CDP Forests

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

- Basic
- Moderate
- Advanced

- CDP Water

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

- Basic
- Moderate
- Advanced

- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES

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

- Basic
- Moderate
- Advanced

- Local Authority Pension Fund Forum
- Principles for Responsible Investment

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

- Basic
- Moderate
- Advanced

- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

No

OA 10.3 Additional information. [Optional]

In addition to the organizations checked off above, Breckinridge has participated and partnered with the organizations below in order to formulate non-financial industry ESG metrics, collaborate on industry issues, and advance our knowledge of key ESG issues:

- Certified B Corporation
- Boston Area Sustainable Group (BASG)
- UNPRI Corporate & Sovereign Fixed Income Working Groups
- The Association for the Advancement of Sustainability in Higher Education (AASHE)
- The Forum for Sustainable and Responsible Investment (US SIF)
- Sustainable Investment Research Analyst Network (SIRAN)
- Sustainability Accounting Standards Board (SASB)
- STAR Communities

OA 11	Mandatory	Core Assessed	PRI 4
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OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

OA 11.2

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
- Other, specify

No

Breckinridge promotes responsible investment through active engagement, PR activities, speaking opportunities and sponsorships, which included the following in 2013:

Engagement:

In 2013, Breckinridge undertook an innovative project of active engagement. As a part of this project, we reached out to a sample of our largest corporate and local government borrowers to begin a dialogue with management teams about the importance of issues related to sustainability.

PR Activities:

In 2013, Breckinridge published articles promoting responsible investment in the following publications.

- Environmental Finance Magazine
- Private Wealth Magazine
- FundFire
- Financial Advisor Magazine
- Wall Street Journal
- Philanthropy Management

Speaking Engagements:

In 2013, Breckinridge promoted responsible investment through speaking opportunities at the following events.

- MSCI Global ESG Leadership Forum Webinar: ESG Across Asset Classes
- Envestnet Advisory Summit
- Pershing Managed Investment Symposium
- US SIF Annual Conference
- UN PRI New York Event - Responsible Investment in Fixed Income
- Barclays MSCI ESG Fixed Income Launch
- SOCAP Conference
- CALAPRS Trustees Roundtable
- CII (CERES Roundtable)
- Association of Small Foundations (ASF) Conferences
- The Association for the Advancement of Sustainability in Higher Education (AASHE) Conference
- Association of Business Administrators of Christian Colleges (ABACC) Webinar
- Responsible Investor (RI) Conference
- Massachusetts Investor Conference

Sponsorships:

In 2013, Breckinridge promoted responsible investment through sponsorship of the following organizations.

- US SIF (Trends Report)
- BSAS (Sustainability Forum)
- SASB

Breckinridge Capital Advisors

Reported Information

Public version

Direct - Fixed Income

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.

ESG incorporation in actively managed fixed income

Fixed Income - Corporate

Implementation processes


FI 04	Mandatory	Gateway/Core Assessed	PRI 1
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FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	
	100

- No incorporation strategies applied

Total actively managed fixed income - corporate

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

At Breckinridge, we believe it is critical to look beyond fundamental financial analysis in order to holistically assess the credit quality of a corporation or municipality. Given the long-term nature of fixed-income investing, we believe that ESG analysis offers a forward-looking perspective that can help identify and price credit risk.

Since 2012, we have fully integrated both quantitative and qualitative ESG criteria into our fundamental credit research process and have developed proprietary sector based frameworks to assess ESG risks and performance. We employ a best-in-class approach to our sustainable investments. In addition, high ESG risk companies and/or sectors may be excluded by investment team discretion or client IPS. Also, as a customized separate account manager, we frequently incorporate themes into our sustainable investment strategies.

(A) Implementation: Screening

FI 06

Mandatory

Descriptive

PRI 1

FI 06.1

Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.

Type of screening

- Negative/exclusionary screening

Screened by

- Product
 Activity
 Sector
 Country/geographic region
 Environmental and social practices and performance
 Corporate governance

Description

High ESG risk companies and/or sectors may be excluded by investment team discretion or client IPS.

- Positive/best-in-class screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

We have fully integrated both quantitative and qualitative ESG criteria into our fundamental credit research process and have developed proprietary sector based frameworks to assess ESG risks and performance. We employ a best-in-class approach to our sustainable investments.

- Norms-based screening

Screened by

- UN Global Compact Principles
- Universal Declaration of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

USCCB

Description

As a customized separate account manager, we offer clients the ability to target UN Global Compact companies and we can also exclude companies that violate the USCCB guidelines.

FI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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Positive/Best-in-Class Screening

Since 2012, we have integrated both quantitative and qualitative ESG criteria into our fundamental credit research process and have developed proprietary sector-based frameworks to assess ESG risks and performance. Our best-in-class approach is reviewed quarterly at a minimum. Portfolios are reviewed with clients on a quarterly and/or annual basis and any issues or changes would be communicated at that time.

Negative & Norms Based Screening

For negative & norms-based screening, we utilize the MSCI Screening Tool, which is updated every six months. In addition, we accept restricted lists from clients which are hard coded into our investment management system. Portfolios are reviewed with clients on a quarterly and/or annual basis and any issues or changes would be communicated at that time.

FI 07	Mandatory	Core Assessed	PRI 1
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FI 07.1	Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.
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- Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

(C) Implementation: Integration of ESG factors

FI 11	Mandatory	Core Assessed	PRI 1
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FI 11.1	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.
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ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

Breckinridge has integrated the analysis of sustainability into its core investment process. Our sustainability assessment consists of analyzing the ESG factors pertinent to the corporate or municipal sector. Data for quantitative ESG indicators is sourced from a number of internal and external databases. Our analysts analyze and interpret ESG key performance indicators within the context of sector-specific sustainability models, which Breckinridge has developed in-house. The analysis of ESG factors is conducted as part of our traditional fundamental credit analysis. Our ESG research culminates with the generation of a sustainability rating, which is used to capture a corporate or municipality's ESG risk and opportunities in one simple measure. The sustainability rating is recorded alongside our traditional internal shadow credit rating. If a municipal or corporate credit is determined to have elevated ESG risk, the credit analyst has the option to downgrade the traditional credit rating, which by extension could have an impact on whether Breckinridge would buy, hold or sell the security. Below we provide an overview of how we approach ESG for corporate bonds:

Environmental:

We believe that corporate issuers that manage their environmental impact efficiently may reduce regulatory and event risk. We also believe that close monitoring of environmental impacts may also help certain bond issuers more efficiently manage their resource footprint. We examine a number of indicators to evaluate environmental risks. At a high level, they include:

- CSR's within the context of hard targets
- Bloomberg ESG data for trends and targets
- External reporting on environmental sustainability initiatives
- ESG and Controversy scores from leading ESG research providers

Social:

We believe that corporate investors who carefully weigh the costs and benefits associated with socially questionable practices mitigate controversy risk, and hence investment risks. Any time a corporation fails to adequately engage employees, customers or other key stakeholders when implementing a corporate policy can give rise to controversy risk. 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:

- CSR's within the context of hard targets
- Bloomberg ESG data for trends and targets
- External reporting on sustainability initiatives
- ESG and Controversy scores from leading ESG research providers

Corporate Governance:

We believe corporate issuers with sound governance practices may represent lower risk investments for bondholders. Corporations that self-evaluate business practices through independent boards and audits may be less likely to sanction wasteful 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 examine a number of indicators to evaluate governance risks, including CEO duality, percentage of independent board directors and Bloomberg Governance Disclosure Scores.

Fixed income - Government

FI 13

Mandatory

Core Assessed

PRI 1

FI 13.1

Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.

Yes

FI 13.2

Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

- <10%
- 10-50%
- 51-90%
- >90%

FI 13.3

Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 13.4

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

Breckinridge has integrated the analysis of sustainability into its core investment process. Our sustainability assessment consists of analyzing the ESG factors pertinent to the corporate or municipal sector. Data for quantitative ESG indicators is sourced from a number of internal and external databases. Our analysts analyze and interpret ESG data as well as qualitative indicators within the context of sector-specific sustainability models, which Breckinridge has developed in-house. The analysis of ESG factors is conducted as part of our traditional fundamental credit analysis. Our ESG research culminates with the generation of a sustainability rating, which is used to capture a corporate or municipality's ESG risk and opportunities in one simple measure. The sustainability rating, is recorded alongside our traditional internal shadow credit rating. If a municipal or corporate credit is determined to have elevated ESG risk, the credit analyst has the option to downgrade the traditional credit rating, which by extension could have an impact on whether Breckinridge would buy, hold or sell the security. Below we provide an overview of how we approach ESG for municipal bonds.

Environmental:

When evaluating environmental risk, our examination is two-fold. We consider the "essentiality" of a bond's purpose as well as the environmental sustainability practices of the issuing entity. Breckinridge understands that the more a project or public organization's purpose aligns with the environmental and social needs and values of its constituents, the more likely it is 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:

We carefully consider social and economic characteristics as they relate to an issuer when determining whether to purchase a bond. 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. Local governments 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 expanded our governance analysis to include a systematic assessment of a municipality's disclosure practices and degree of professional executive involvement.

No

Communication

FI 18

Mandatory

Core Assessed

PRI 2,6

FI 18.1 | Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

- We disclose it publicly

Provide URL

<http://www.breckinridge.com>

FI 18.2 | Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes
- No

FI 18.3 | Indicate the information your organisation proactively discloses to clients/ beneficiaries and/or the public regarding your approach to ESG incorporation.

Reporting to public	Reporting to clients/beneficiaries
<input checked="" type="radio"/> Broad approach to ESG incorporation <input type="radio"/> Detailed explanation of ESG incorporation strategy used	<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used

FI 18.4 | Indicate how frequently you typically report this information.

Reporting to public	Reporting to clients/beneficiaries
<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify	<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify

- We disclose it to clients/beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries