

2018 Corporate Sustainability Report

DRIVEN BY
INTENTION



Breckinridge
CAPITAL ADVISORS

DRIVEN BY
INTENTION

At Breckinridge, we are deliberate in embedding sustainability into our business and investment approaches. In one word, we are **intentional** in our sustainability efforts.

The following provides an update on our sustainability programs and progress in 2018.



BRECKINRIDGE AT A GLANCE

Breckinridge is an investment grade fixed income portfolio manager. 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.

1993

Year Founded

100%

Independently Owned

\$36⁺B

In Assets Under Management

75

Employees

OUR SUSTAINABILITY APPROACH AT A GLANCE

We are committed to thoughtful stewardship through our business activities, investment management and community outreach. As a key strategic priority, we approach sustainability in the following ways:

01 Corporate Stewardship

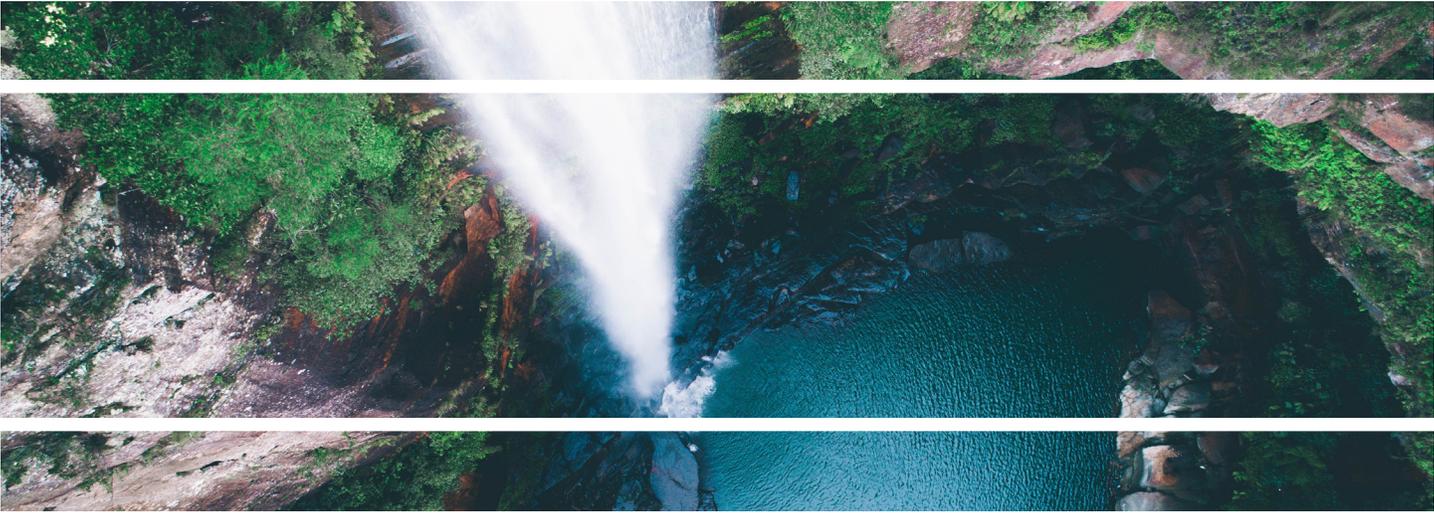
Breckinridge is a certified B Corp and a registered Benefit Corporation. By proactively seeking these designations, we have firmly established a commitment to sustainability within our business. Our status as a Benefit Corporation legally protects our sustainability commitment and being a B Corp provides us a systematic framework to measure our corporate sustainability performance. To add structure and focus to our efforts, we have a Sustainability Committee and Materiality Map to help ensure that sustainability permeates all we do.

02 Community Outreach

At Breckinridge, we are committed to the environment and communities in which we live, work and invest. Charitable giving, volunteerism and sustainability-aligned sponsorship form the foundation of our community outreach efforts. Annually, we aim to donate 1 percent of our gross receipts, match individual employee giving up to \$1,500 and offer employees two company-sponsored volunteer days and one personal volunteer day.

03 ESG Investing

As an asset manager, we believe the most effective way we can integrate sustainability into our business is through our investment decisions. To this end, we have developed a robust environmental, social and governance (ESG) integration capability. A careful ESG assessment is fully integrated into our research process. We believe this results in a rich and comprehensive perspective on the bond issuers in which we invest. We also offer investors a range of sustainable strategies and values-aligned mandates.



2018 SUSTAINABILITY HIGHLIGHTS

01 Corporate Stewardship

- Continued our B Corp, Benefit Corporation and sustainability governance commitments p7
- Continued to prioritize employee well-being and our environmental impact p8
- Made Materiality Map progress in the areas of Corporate Citizenship and Human Capital p9
- Focused our advocacy efforts on improving climate risk and related disclosures p11

02 Community Outreach

- Continued our giving commitment, donating over \$400,000 to charitable causes p17
- Continued our volunteerism commitments, contributing over 800 hours p18
- Expanded our Ambassador Program to include Community Initiatives p14
- Received an award for our work with Home for Little Wanderers: Somerville Village p16

03 ESG Investing

- Continued our ESG integration and U.N. PRI commitments p21
- Collaborated with leading sustainable-investment organizations p21
- Updated our water-sewer and higher education ESG frameworks p23
- Partnered with Four Twenty Seven¹ to integrate climate risk metrics p24
- Further refined and expanded our bond issuer engagement efforts p24

¹ Berkeley, California-based Four Twenty Seven provides market intelligence on the economic risk of climate change. Details on the organization can be found at 427mt.com.

A LETTER FROM OUR PRESIDENT



Peter Coffin
President

As an investment grade fixed income manager, Breckinridge is focused on the long term, making careful choices in the way we invest. Indicative of this is our integration of environmental, social and governance (ESG) factors into our investment process. We believe ESG integration provides us a long-term, forward-looking perspective and a more comprehensive assessment of risk. It helps us identify bond issuers that are operating in a sustainable manner today and are preparing for the material issues that may affect them in the future.

At bottom, buying a bond is lending money, and in the U.S. a majority of lending occurs through the bond market. As the U.S. fixed income market has swelled to \$42 trillion² in bonds outstanding, investors now have a wide array of fixed income products accessible to them and trading is occurring at an accelerated pace. Today, investors can move with relative ease from one fixed income strategy to another. That certainly has its advantages, especially for more tactical investors. There is a trade-off, however, as that ease may make investors more short-term in their thinking. This diminishes the connection between borrowers and lenders that is important for prudent credit selection. At Breckinridge, we are working to counter that trend, and to be more thoughtful—indeed, more intentional—with our investing.

“

At Breckinridge, we are working to be more thoughtful—indeed, more intentional—with our investing.

As a part of our ESG integration efforts, we also engage with a number of the bond issuers in which we invest. In doing so, our goals are to gain a better sense of the caliber of our issuers' management teams and to gain a more holistic understanding of an organization's character and culture. We firmly believe that engagement enhances our analysis of an issuer's long-term creditworthiness and, thereby, our assessment of the relative value of its bonds. While this level of interaction may be uncommon in today's fast-paced bond markets, it ensures an acute understanding of where capital is being invested; in our view, that's how the business of lending should be conducted.

Breckinridge also strives to be intentional in how we govern our own business. A critical element of this is our commitment to remaining an independent, employee-owned firm. Breckinridge has no exit strategy. Nor do we fixate on targets for growth and profitability. Instead, our primary focus is on consistently improving the caliber of our fixed income management. An equally critical element is our commitment to corporate sustainability. Breckinridge is a Benefit Corporation and a B Corp and sustainability is tightly woven within the fabric of our organization. We believe these commitments keep us properly focused on our clients, employees, communities and other stakeholders.

In the content that follows, we hope to illustrate how serious and thoughtful we are in our sustainability commitments, now and for the long term. As always, we welcome your thoughts and perspectives on our efforts.

Peter B. Coffin

² SIFMA, as of 3Q18.

A LETTER FROM OUR BENEFIT DIRECTOR



Anne Stetson
Benefit Director
Independent Board Member

As benefit director of Breckinridge, I am pleased to report that the company continues to deepen its intention to integrate sustainability, not only in its investment activity but also in its internal management and external outreach. In 2018, Breckinridge continued to prioritize its sustainability efforts through the firm's Materiality Map, adopted in 2017. By applying this map outwardly and inwardly, Breckinridge strives to conduct itself with consistency and integrity.

Through the theme "driven by intention," Breckinridge means to underscore that it approaches sustainability with great thought and care and that it directs its actions toward material, measurable, intentional outcomes targeting a more sustainable future for all—investors, employees, bondholders and communities. Such a future will only be rendered with intentionality, not by happenstance. The report that follows describes this approach in detail, as well as how Breckinridge works to implement it.

The deliberateness with which Breckinridge incorporates sustainability informs all levels of the firm and is applied across three broad vectors: through corporate stewardship, community outreach and investing. Breckinridge's board of directors and senior leadership pay close attention to sustainability across all

three vectors, and the company's Sustainability Committee maintains a learning culture that fosters constant innovation and improvement, especially in corporate sustainability and outreach.

Looking forward, the Sustainability Committee continues to seek ways to deepen the firm's commitment to sustainability. It does so through ongoing refinement of the company's Materiality Map as new data and objectives

become available. As the poet/businessman Wallace Stevens might say, it is "hot" within the people at Breckinridge to always improve and refine—a hallmark of creativity and excellence.³

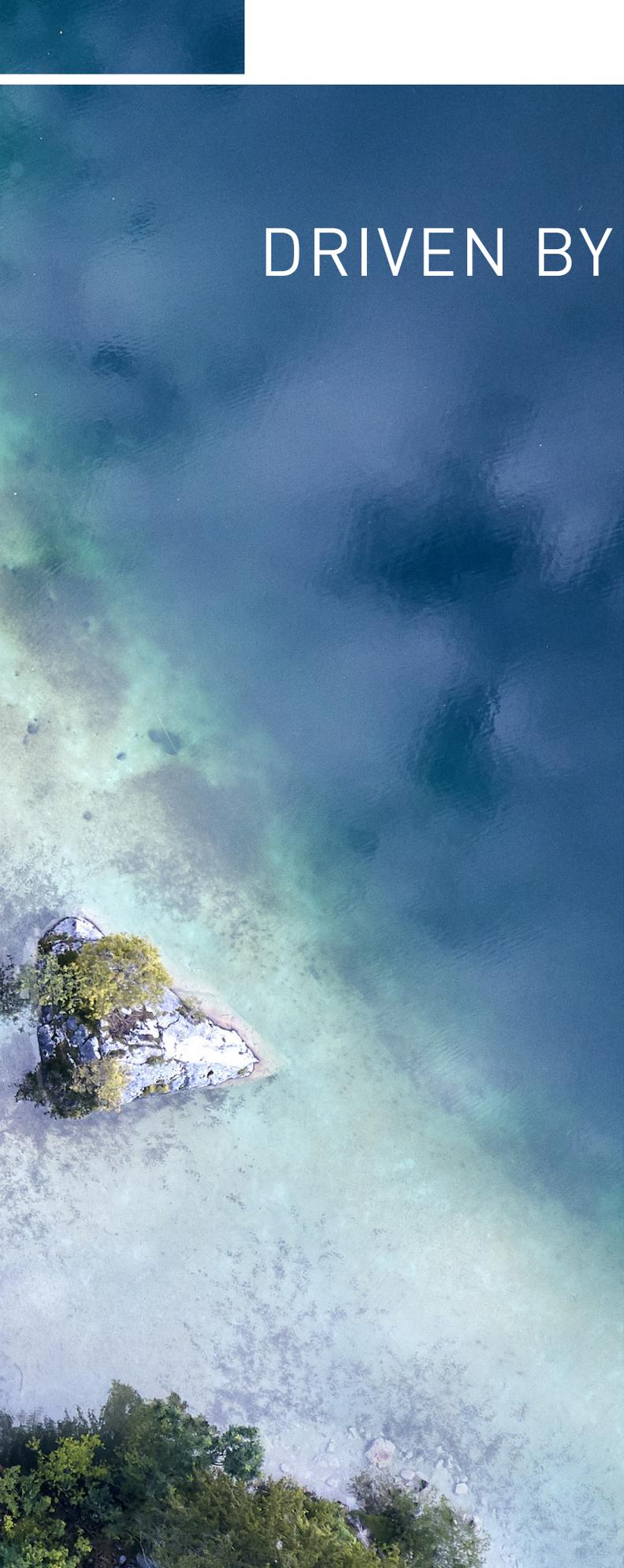
In summary, I am pleased to report that, in the opinion of the board, the company has acted well in accordance with its general benefit purpose in all material respects during 2018, and that the directors and officers have complied with the duties of their respective positions in considering the impact of board and management decisions on the array of Breckinridge's stakeholders.⁴

Anne Stetson

³ From "Poems of Our Climate" (1942).

⁴ Reference is made specifically to Massachusetts General Laws Chap. 156E, subsection 10(a) and 12(a).





DRIVEN BY INTENTION

At Breckinridge, sustainability is an integral part of our business and investment approach. We are committed to operating in ways that advance the sustainability of our firm, stakeholders, environment and communities. Equally, as a fixed income investment manager, we believe it is our obligation to lead and encourage a shift in focus within the investment community from short-term performance to long-term investing. We are deliberate in embedding sustainability into our purpose. In one word, we are **intentional** in our sustainability efforts.

With a focus on investment grade fixed income, we have high standards for the bond issuers we invest in. We believe that issues such as human capital management, resource management, workplace safety and board independence can have a long-term, material impact on financial performance. Therefore, as we seek to provide the best possible investments for our clients, we think it is imperative to look at ourselves in the same light. As such, we prioritize corporate citizenship, employee health and well-being, minimizing our environmental impact and giving back to our communities.

Some of our firm's biggest milestones have been borne out of this mindset. In addition to being a U.N. PRI Signatory and a first mover in integrating ESG in fixed income, Breckinridge is chartered as a Benefit Corporation and is a B Corp. These designations have further cemented our sustainability commitment by legally protecting our decision to operate sustainably and formally adhering us to rigorous social and environmental standards.

Breckinridge's commitment to sustainability is also embedded in our governance structure. In addition to our board and executive management team prioritizing sustainability, we also have a formally-appointed independent benefit director, a sustainability director and a Sustainability Committee composed of employees across the firm. With input from the top down, our Sustainability Committee is tasked with continuously defining the material sustainability issues we face and finding creative ways to address them.

At bottom, sustainability at Breckinridge is about making true change. We aim to embody sustainability in impactful and deliberate ways, and we are committed to continuously advancing our progress. Each year, we look forward to reporting on our advancements in our Corporate Sustainability Report. We hope that in doing so, we can illustrate just how meaningful our intentions are.

OUR CORPORATE SUSTAINABILITY COMMITMENTS

We aim to be a force for good and that drives our corporate sustainability initiatives.



Benefit Corporation

Requires us to incorporate purpose, accountability and transparency in our organization.

Certified B Corp

Certifies our adherence to rigorous social and environmental standards.



Benefit Director

Independent director responsible for annually certifying that we operated purposefully.⁵

Sustainability Director

Responsible for leading and furthering Breckinridge's commitment to sustainability.



Sustainability Committee

Nine-member employee team responsible for continuously advancing our sustainability efforts.

Materiality Map

Our formal road map for addressing and assessing the ESG material issues we face.

⁵ This position is a requirement of being a Benefit Corporation.

OUR CORPORATE SUSTAINABILITY COMMITMENTS

We are committed to having a positive impact
on our employees and environment.

Employee Commitments

Our employees are vital to our success. We strive to provide competitive compensation and benefits to retain and attract top talent. In 2018, our employee offerings included:



100% company-paid medical insurance



100%-covered gym memberships



Full tuition reimbursement



3 months fully paid parental leave



Up to \$20,000 in adoption assistance



Free annual CPR/AED training



Fully paid long-term disability insurance



Adjustable standing desks



Weekly deliveries of fresh organic fruit

Environmental Commitments

We closely monitor the environmental impact of our operations. In 2018, we continued to minimize our environmental footprint through the following efforts, among others:



Operating out of LEED-certified buildings



Offsetting 100% of electricity use



Offsetting 100% of employee travel



Encouraging virtual meetings



Providing public transportation benefits



Recycling and donating electronics

OUR MATERIALITY MAP COMMITMENT

Our Materiality Map keeps us focused on the most-material sustainability issues we face.

In 2017, Breckinridge created a road map to focus our sustainability efforts on what's most material at the firm. In developing our Map, our Sustainability Committee examined the Sustainability Accounting Standards Board (SASB)'s list of the material nonfinancial factors that drive performance in investment management firms. From there, the Committee selected the most-aligned factors and surveyed Breckinridge stakeholders to prioritize them. The resulting Materiality Map is intended to guide our focus and provide measurable standards for our corporate sustainability initiatives.

A CONVERSATION WITH BRECKINRIDGE'S SUSTAINABILITY DIRECTOR



Timothy Coffin
Director of
Sustainability

Q: How does the Map make sustainability at Breckinridge more intentional?

A: *The Map helps us to prioritize. Using the SASB framework for asset management and soliciting input from our stakeholders, we were able to prioritize the sustainability factors that have the most-material impact on our firm. If you look at our Map and factors such as Business Ethics, Human*

Capital Management and Customer Experience, you will see that we've been able to structure and prioritize our plan for sustainability. As we often say, it's about turning the same ESG lens we use for our bond issuers back onto ourselves.

Q: What were some of the key initiatives driven by the Map in 2018?

A: *Our Sustainability Committee continuously works to find ways to address the factors outlined in our Materiality Map. In 2018, some of our key initiatives revolved around Corporate Citizenship. We hosted the most internal events in one year in the firm's history, including workshops on climate change, sustainable investing and our Ambassador Program.*

In addition, Breckinridge remained committed to collaborating with our peers and generating thought leadership, as we believe it improves the market for all participants. We held

two B Corp B Local Boston events and continued to encourage growth of the local B Corp community. We also prioritized climate change in our advocacy efforts.

Finally, as our firm has continued to grow, the management of human capital has become more essential. As such, the Sustainability Committee recommended the appointment of a human resources director, a position that was filled at the end of 2018.

Q: Can you elaborate on how the Map will drive the firm in the future?

A: *Our Materiality Map continues to keep Breckinridge focused on—and drive conversations about—the material sustainability themes we face. Our commitment to the Map and to corporate sustainability as a whole is driven by the top and is buttressed by our articles of incorporation as a Benefit Corporation. Our Map distills ongoing areas of focus and grounds us. It will help drive our business decisions as we grow.*

I look at the Map as a "stewardship road map." It helps keep our sightlines further out on the horizon, to make sure we're innovating and evolving in a way that's in the best interest of our clients, our employees and our communities. Just as our analysts are always taking a medium- to long-term perspective on our investments, the Map helps our Sustainability Committee take that same longer-term perspective on the firm, to benefit our stakeholders. In sum, the Map is helping us stay faithful to an overall culture of long-term thinking and sustainability.

OUR MATERIALITY MAP

SUSTAINABILITY FACTOR



Business Ethics

FOCUS AREAS

- Continuing enhancements to compliance efforts
- Implementing sound governance policies with a long-term focus
- Remaining committed to disclosure and transparency



Human Capital Management

- Enhancing our commitment to professional development
- Ongoing efforts to improve employee engagement
- Establishing a road map to drive employee diversity/inclusion
- Committing to employee wellness and work-life balance



Customer Experience

- Ongoing monitoring and measurement of client satisfaction
- Improving client communication and reporting
- Expanding client-based events



Risk Management

- Ongoing focus on data security policies and training
- Continuing enhancements to enterprise risk management and oversight
- Conducting regular independent third-party audits



ESG Integration in Financial Analysis

- Continuing enhancements to ESG research and issuer engagement
- Ongoing ESG and sustainability-related thought leadership
- Remaining committed to ESG-related partnerships and collaborations



Corporate Citizenship

- Expanding employee participation in our Ambassador Program
- Continuing to increase volunteer hours and employee participation
- Remaining committed to charitable giving



Operations & Supply Chain

- Analyzing sustainability in vendor selection and management
- Assessing the environmental impact of our internal operations
- Reducing each employee's environmental impact



OUR ADVOCACY COMMITMENT

We aim to support causes that are striving to advance sustainability.

At Breckinridge, we believe that advocacy helps build broad awareness of important ESG concerns, which in turn can lead to greater market responsiveness to pressing ESG matters such as climate and water risks, reporting transparency and corporate ethics. We also believe that advocacy, along with maintaining and contributing to partnerships with ESG experts, helps us to be better investors by helping to mitigate long-term risks facing our bond issuers—to the benefit of our clients.

We view advocacy as an important part of our sustainability efforts. We support organizations that are advocating for system-level improvements; doing so underscores our commitment to advancing ESG research and related efforts, and further embeds sustainability into our corporate culture. By supporting and partnering with industry-leading organizations, we aim to create long-term value for our clients and the investor community.

To ensure structured and consistent consideration of advocacy opportunities, Breckinridge's Sustainability Committee reviews, deliberates and thoughtfully decides on all advocacy requests. We continue to implement our advocacy policy established in 2017 to govern our approach. The policy aims to make sure that all advocacy decisions align with our goals and our clients' best interests.

For 2018, our advocacy efforts largely centered on climate risk. As investors, we believe it is prudent to closely monitor and consider climate change trends. It is our belief that bond issuers will be increasingly challenged in the future due to climate change risk, which may prompt new regulations on carbon emissions, extreme weather events and constraints on raw materials. We are also hearing more interest from investors in divesting from fossil fuels.



OUR RECENT ADVOCACY EFFORTS

Climate Action 100+

December 2017

As signatories, we joined 300 investors to encourage the largest 100+ emitters of greenhouse gases to institute board-level oversight of climate risks and opportunities, to reduce emissions and adopt reporting standards.



National Federation of Municipal Analysts (NFMA) Disclosure Effort with Ceres

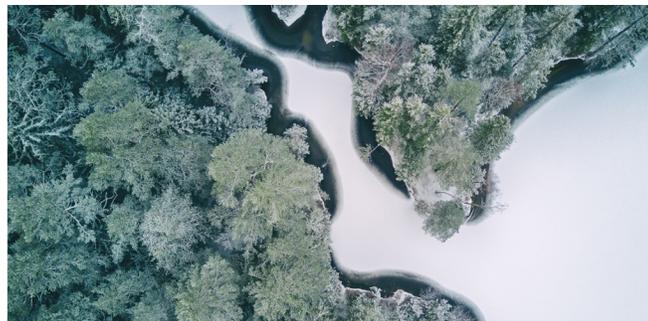
Multiyear effort culminating in April 2018

In collaboration with Ceres and other stakeholders, Breckinridge encouraged the NFMA to modernize its Recommended Best Practices in Disclosure guidance for the water-sewer sector to include sustainability metrics, which was integrated in 2018.

Ceres Investment Statement for a Low Carbon Economy

August 2018

As signatories, we agreed that climate change poses significant risks and we challenged bond issuers to commit to incorporating climate resilience and mitigation into capital projects.



Task Force on Climate-Related Financial Disclosures (TCFD)

September 2018

As signatories, we supported the TCFD in providing recommendations and frameworks to help companies develop more-effective climate-related financial disclosures through existing reporting processes.





COMMITTED TO GIVING BACK

We believe it is our responsibility to extend our sustainability efforts beyond our business to the communities and environment in which we live and work. By giving back, we aim to accelerate change and help create a more sustainable future for all. We also want to send the important message that we believe it is vital for the private sector to take part in tackling tough social and environmental issues.

As a firm, we are committed to donating 1 percent of our gross receipts. We also prioritize volunteerism, which we believe deepens the very meaning of giving back and fosters team building. As of December 2018, we have cumulatively contributed over \$2.5 million in monetary donations (since 2003) and over 3,000 volunteer hours (since 2012).

To help ensure that we give back in a focused and meaningful way, we facilitate our community outreach efforts through our Ambassador Program. With an aim to deepen connection and drive greater impact, our Ambassador Program focuses on a select group of charitable organizations that we've identified as addressing the pressing issues most important to us.

Our Ambassador Program aims to establish formal, ongoing dialogue between our firm and our selected organizations by appointing up to three Breckinridge ambassadors to each relationship. As ambassadors, our employees are tasked with becoming fluent in our selected organizations as well as engaging with them regularly.

By gaining a deeper understanding of each of our selected organizations, we hope to build strong, sustainable relationships and develop charitable and volunteer programming that best fits their needs. Equally, by encouraging active participation by the ambassadors, we hope that our efforts energize our employees and enrich our sense of community.

We continue to be encouraged by the progress of our Ambassador Program. In 2018, our efforts ranged from helping advance coastal climate change research to providing personalized support to disadvantaged youth. In addition, in 2018 we launched a new Ambassador Program in the area of Community Initiatives. Through this initiative, we aim to leverage our internal credit-related knowledge and expertise to guide struggling local communities toward improved social and economic well-being. Further examples of our 2018 contributions are highlighted on the following pages.

AMBASSADOR PROGRAM: OUR 2018 IMPACT

Our Ambassador Program prioritizes the causes and charitable organizations most meaningful to us.

OUR AMBASSADOR PROGRAM CAUSES



Environment
& Responsible
Agriculture



Homelessness
& Job Training



Youth in Transition &
Education



Community
Health



Regional
Outreach



THE TRUSTEES OF RESERVATIONS

AMBASSADORS	Tim Daley (Credit Research) and Katie Sacharuk (Consultant Relations)
ACTIONS	Donated to further advance The Trustees' coastal research efforts and helped them acquire Mary Cummings Park in Burlington, MA. Volunteered over 80 hours.
GREATEST IMPACTS	<ul style="list-style-type: none">• Our funding of The Trustees' coastal research helps its coastal properties with climate-change preparedness. It is also a natural extension of factors we believe are important for coastal communities over the long term.• Our contribution to Mary Cummings Park helped bring the total raised for the property to over \$1 million, allowing the project to move forward. Mary Cummings Park will be their 118th property.



PINE STREET INN

AMBASSADORS	Eric Haase (Portfolio Management), Erin McCall (Compliance) and Ben Smelser (Trading)
ACTIONS	Donated to Pine Street's Supportive Housing Program and the Veteran's Temporary Housing Fund. Built a relationship with Hartford Street House. Volunteered over 90 hours.
GREATEST IMPACTS	<ul style="list-style-type: none">• Our funding of the Supportive Housing Program helped provide residents with transitional housing. This is Pine Street's greatest area of need for funding. Our funding of the Temporary Housing Fund helped provide moving-out baskets for veterans.• Our newly formed relationship with the Hartford Street House allowed us to build more-meaningful connections with the home's veterans. We hosted barbecues, played games and socialized with residents.

AMBASSADOR PROGRAM: OUR 2018 IMPACT



HOME FOR LITTLE WANDERERS: SOMERVILLE VILLAGE

AMBASSADORS	Ben Pease (Trading) and Ariana Polk (Consultant Relations)
ACTIONS	Donated to support multiple scholarships for residents, the Age-Out Transition Program, CPR training and holiday gifts. Hosted monthly educational events and provided residents individual support in overcoming challenges. Volunteered over 220 hours.
GREATEST IMPACTS	<ul style="list-style-type: none">• Our individual milestones with Somerville Village’s residents stand out as some of the most impactful of 2018. Our efforts in this area helped residents with various accomplishments, such as applying to or reenrolling in colleges, securing employment, filing taxes and passing driving tests.• We had our first scholarship distribution to a Somerville Village resident in 2018. We also modified our scholarship process to create more opportunities for the residents to apply throughout the year.• We received the Business Partnership of the Year award from The Provider’s Council for our work with The Home.



FRONTIER NURSING UNIVERSITY

AMBASSADORS	Ashley Stanojev (Client Services) and Sarah Turpin (Trading)
ACTIONS	Donated to support Frontier’s Courier Program and continued to fund Breckinridge’s scholarship endowment.
GREATEST IMPACTS	<ul style="list-style-type: none">• Our funding of the Courier Program helped participants carry out community service projects during their summer internships, including creating informational materials for inmates fighting addiction, designing a mural highlighting the local community of Hyden, Kentucky, and filling backpacks with supplies for underserved youth.• Breckinridge hosted Courier alumni to share their experiences with Breckinridge employees.



COMMUNITY INITIATIVES

AMBASSADORS	James Spidle (Consultant Relations) and Kelly Wight (Marketing)
ACTIONS	Launched our program by supporting the REAL Program in Lynn, MA, to build Little Free Libraries and help get the program into their new location. We also donated and provided corporate coaching to the Inner City Capital Connections Program. Overall, we volunteered over 150 hours.
GREATEST IMPACTS	<ul style="list-style-type: none">• Establishing a strong relationship with The REAL Program in Lynn to kick off our Community Initiatives Program.• Breckinridge hosted a company-wide book drive collecting over 300 donated books, and helped to build and fill 10 Little Free Libraries. Additionally, we began our focus on enrichment, and in December, employees accompanied the REAL children to the Museum of Science.

OUR CHARITABLE GIVING

Our philanthropy aims to better our communities and advance sustainable causes.

1%

Annual Giving Commitment

\$1,500

Annual Per-Employee Corporate Match

\$2.7M

Cumulative-to-Date Charitable Donations*

In keeping with our corporate charitable giving commitment, in 2018 Breckinridge contributed \$408,047 (or 1 percent of our gross receipts). In alignment with our Ambassadors Program, our corporate giving largely focused on our selected ambassador organizations, followed by sustainability-aligned sponsorships and corporate matching.

In addition to our Ambassador Program charitable giving, we continue to support organizations and efforts that are galvanizing investors around sustainable investing and ESG integration. As highlighted in our ESG Investing section of this report, in 2018 we supported organizations like SASB, Ceres and SPI and contributed a total of \$50,515 to them for the year.

We also support and encourage employees to be generous in their personal giving. To that end, we have a Corporate Matching Program that helps employees maximize their contributions. Annually, each employee is eligible for a total up to \$1,500 that can be used to match monetary donations and/or volunteered hours. In 2018, 65 percent of Breckinridge employees participated in our Corporate Matching Program.

As a part of our annual holiday traditions, we continued to invite employees to submit a charity of their choice for a blind drawing. Five winners were selected, and each organization received \$2,000 in the employee's name. The organizations were Full Wheel, Inc., Beyond Type 1, MSPCA, Massachusetts Down Syndrome Congress and Journey Forward.

Corporate Philanthropy History*

Cumulative-to-date giving: \$2.7M



*Began tracking philanthropy in 2003. Outlined bar in 2010 denotes \$100K special donation made for Haiti earthquake relief.

OUR VOLUNTEERISM

Volunteering makes us more connected to our communities and brings our employees closer together.

3

Annual Volunteer Days Per Employee

2

Company-Sponsored Volunteer Days

1

Personal Volunteer Day

3,167

Cumulative-to-Date Volunteer Hours*

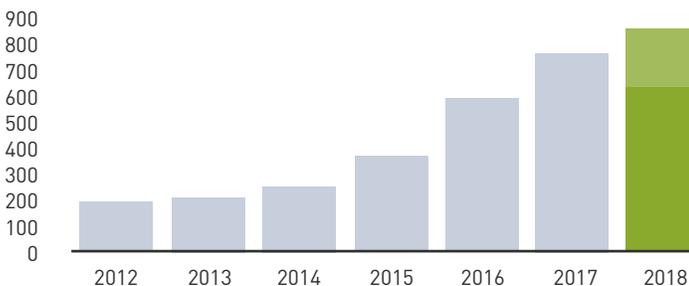
In addition to making charitable donations, we aspire to connect with organizations that are meaningful to us by volunteering. Not only does volunteering enable our employees to make an immediate and tangible impact, but it also brings about greater teamwork and collaboration. Annually, we offer employees two company-sponsored volunteer days and one personal volunteer day; employee participation remains high.

In 2018, our employees contributed 842 volunteer hours and our involvement took many forms. In addition to our Ambassador efforts, we mulched the gardens of the Rose Fitzgerald Kennedy Greenway in Boston, Massachusetts; spread stone dust in the walkways of Monadnock Community Garden in the Dorchester neighborhood of Boston; and dug holes for concrete molds, removed nails from siding and installed windows for a Habitat for Humanity building site in Dorchester.



Corporate Volunteerism History*

Cumulative-to-date volunteer hours: 3,167



*Began tracking volunteer hours in 2012.

34% Other Company-Sponsored Events
66% Ambassador Program Events

842

hours were volunteered with charitable organizations in 2018.





PRIORITIZING ESG INVESTING

At Breckinridge, our interest in ESG factors is about extraordinary thoroughness and effort in evaluating an investment. It is also about our time horizon. Our investment approach is rooted in the idea that understanding the long-term risk-return profile of an investment requires an expanded, more forward-looking type of analysis. These are key reasons why we were a first mover in integrating ESG in fixed income.

Although the debate over the relevance of ESG lingers, our fundamental belief is that ESG-related challenges will continue to manifest themselves in the coming years. Some challenges will be environmental, related to constraints on resources. Other challenges will be social, in which bond issuers may increasingly be held accountable to broader stakeholder groups. Still others will be governance-related, such as the importance of a diverse, independent board.

We believe the market can at times underprice certain longer-term and idiosyncratic risks, such as those posed by material ESG issues. As an investment grade fixed income manager with an emphasis on capital preservation and risk mitigation, we think it is our obligation to gain the most comprehensive view of an investment. By broadening the scope of traditional analysis and examining ESG, we aim to identify risks before they are reflected in the broader market and to better prepare our clients for the future.

Without an industry standard to follow, we were thoughtful and innovative in developing our approach to ESG, which we have continued to refine over the years. Integrated into our standard investment process and led by our research team, our approach considers quantitative and qualitative factors based on proprietary ESG frameworks and issuer engagement. In addition to integrating ESG, we have also developed sustainable investment solutions to support clients in their responsible-investing goals.

We believe in continuous improvement and we never stop challenging ourselves. As such, we are deeply committed to the ongoing development of new tools and capabilities to further enhance our ESG insights. Equally, we are committed to advancing ESG more broadly by engaging and collaborating with experts, issuers, clients and peers. Through these continuing commitments, we aim to lead by example in this highly dynamic space.

OUR ESG INVESTING APPROACH

We believe in the investment case for sustainability, prompting us to be a first mover in integrating ESG.

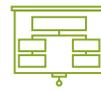
OUR APPROACH TO ESG INVESTING



ESG Integration



Bond Issuer Engagement



Sustainable Strategies



ESG Collaborations

ESG Integration

Our ESG analysis for bond issuers consists of both quantitative and qualitative assessments that we deem to be material to the credit quality of the issuer. We evaluate ESG factors across corporate and municipal issuers. The ESG factors assessed largely differ by sector, based on the materiality of the issues to each sector.

For municipal issuers, examples of material metrics include the housing affordability index, economic mobility rate and drought vulnerability. A review of sustainability and climate resiliency planning materials published by the issuer provides qualitative ESG information.

For corporate bond issuers, examples of material metrics include, but are not limited to, health and safety performance, greenhouse gas emissions and water intensity. Our corporate analysts look to an array of sources, such as sustainability research firms and widely known data providers, to obtain available metrics. Qualitative ESG information is obtained from corporate sustainability reports, engagement calls and annual reports.

Bond Issuer Engagement

To bolster our ESG research, Breckinridge also engages with bond issuers where appropriate. We believe that engagement leverages our voice as a stakeholder to bring greater focus on management's stewardship of ESG issues.

Bondholders play a key role in the capital structure but, unlike shareholders, we have no formal venue such as proxy voting to be heard systematically. To address this, we direct our engagement effort through private dialogues with

management. During these discussions, we gain a better understanding of the profiles of our issuers and the material issues they face. At the same time, we proactively encourage ESG management and reporting.

Sustainable Strategies

In addition to integrating ESG and engaging with our bond issuers, we offer government credit and tax-efficient sustainable strategies that selectively invest in issuers with above-average ESG profiles and bonds that fund essential environmental, social or economic development projects. Managed in a separate account, these strategies can also accommodate values-aligned customizations, such as environmental or faith-based themes, or negative screens through security level or sector-based restrictions.

ESG Collaborations

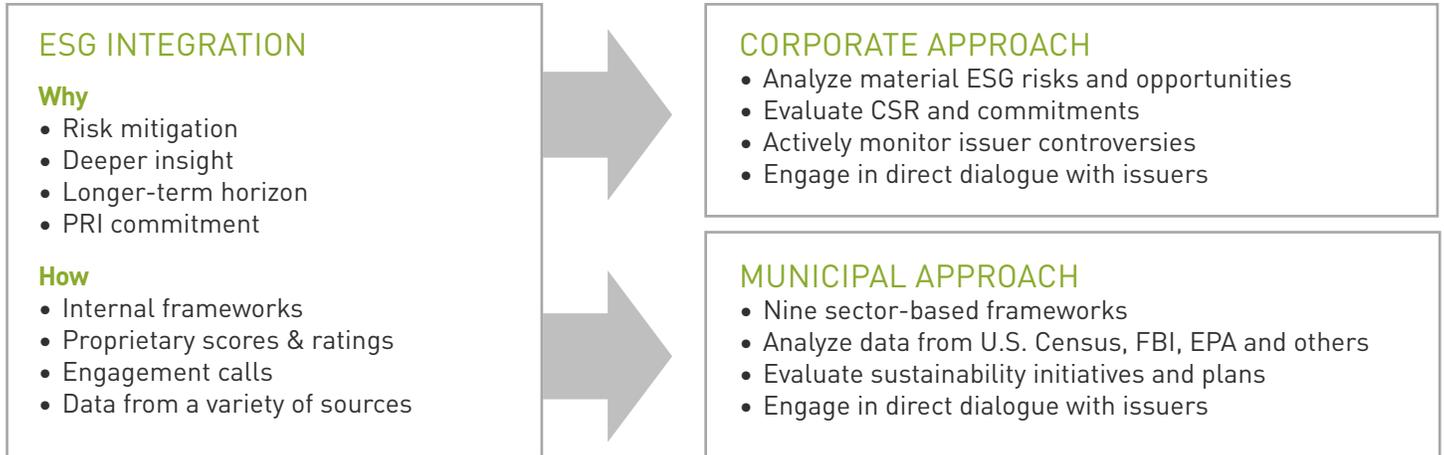
Breckinridge is a signatory to the United Nations-backed Principles for Responsible Investment (PRI). As part of our commitment to the PRI, we aim to create a broader dialogue about sustainability, ESG integration and long-term value creation within the investor community. As such, we continue to support and partner with a wide variety of leading sustainable-investment organizations.

In 2018, we collaborated with several organizations, including CECP's Strategic Investor Initiative (SII), the Sustainability Accounting Standards Board, the Social Progress Imperative and MIT Sloan's Sustainable Business Lab. In addition, we contributed to several industry reports, such as publications from the World Bank and Japan's Government Pension Investment Fund, the Union of Concerned Scientists, CECP SII, and the CFA Institute and the PRI.

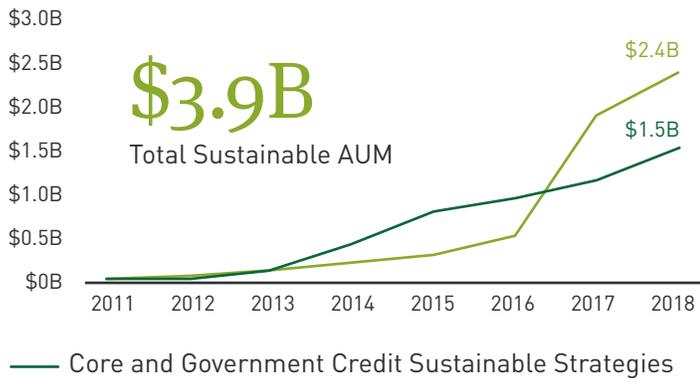
OUR ESG INVESTING APPROACH

ESG Integration

Our ESG integration methodology combines a quantitative assessment of ESG factors alongside a rigorous review of qualitative ESG considerations to derive a composite sustainability rating.



Sustainable Strategies AUM⁶



Sustainable Strategies Number of Accounts⁷



ESG Collaborations



⁶ Sustainable strategies AUM as of 12/31/18. Breckinridge's sustainable strategies selectively invest in bond issuers with above-average ESG profiles and bonds that fund essential environmental, social or economic development projects.

⁷ Sustainable strategies number of accounts as of 12/31/18.

OUR ESG INVESTING ADVANCEMENTS

We believe in continuous improvement. The following highlights our ESG advancements in 2018.

ESG Framework Updates

WATER-SEWER

Our updated methodology for evaluating water-sewer bonds incorporates a forward-looking measure of water stress, additional indicators to assess rate structure and social impact, and an evaluation of long-term planning.

Assessment Criteria			Adjustments
Environmental	Social	Governance	
Drought Conditions	Rate Affordability	Long-Term Planning	Climate Risk
Water Stress	Rate Design & Management	Regulatory Compliance	
Climate Resiliency & Green Infrastructure	Social Impact	Infrastructure Renewal	Controversy

HIGHER EDUCATION

Our new higher education framework will help us identify institutions that are providing affordable access, ample opportunity, and a safe and inclusive environment for students.

Assessment Criteria			Adjustments
Environmental	Social	Governance & Economic	
AASHE Rating	Mobility Rate	Repayment Capacity Ratio	Institution Controversy (e.g. Title IX, Corruption, NCAA Violations, Labor Disputes, Admission Policies)
PCLC Signatory (Presidents' Climate Leadership Commitment)	VAWA Incidents (Violence Against Women Act)	Cyber Risk & Mitigation of Climate Risks	
Other Climate & Sustainability Initiatives	International Enrollment & Student Diversity	Endowment Allocation & Management	

OUR ESG INVESTING ADVANCEMENTS

Four Twenty Seven Climate Data Enhancement



Four Twenty Seven

During 2018, Breckinridge partnered with Four Twenty Seven, a company that provides science-driven risk analytics to investors, corporations and governments. This partnership enabled us to integrate an assessment of physical climate risk related to tropical cyclones, sea level rise, extreme rainfall and heat stress in order to more thoughtfully evaluate climate risks for municipal issuers.

Issuer Engagement Advancements

IN 2018, WE FURTHER REFINED OUR ENGAGEMENT GOALS TO:



Gain a deeper understanding of our bond issuers



Provide an idea-generation platform for our analysts



Encourage transparent reporting of material ESG issues

WE OUTPACED OUR 50-CALL GOAL, CONDUCTING OVER 90 CALLS.

63 Corporate Calls

30 Municipal Calls

93 Total Engagement Calls

AND, WE COLLABORATED TO ENGAGE MORE BROADLY.



Ceres Member Company Engagements

Ceres provides consulting services to help companies advance their sustainability performance. Last year, we participated in two engagements. In one, we offered input to a company developing its first materiality matrix.



SASB Investment Advisor Group (IAG) Engagements

SASB's Investment Advisor Group (IAG) is composed of asset owners and managers who are committed to improving sustainability-related investor disclosures. In 2018, we participated in an engagement team to encourage companies to adopt SASB standards.

CLOSING REMARKS

At Breckinridge we act with intention, thoughtfully integrating sustainability into our investment approach and business strategy. We believe that rigorous investment research, corporate citizenship and community outreach have a material impact on all our stakeholders—from our clients to our people, our markets and our communities.

Investors increasingly want to know more about *who* is managing their investments and *what* they are investing in. As an independent firm Breckinridge is, as always, committed to transparency, and we are grounded in our mission of facilitating the sustainable flow of capital from long-term investors to responsible bond issuers.





APPENDIX

SUSTAINABILITY DISCLOSURE TOPICS AND ACCOUNTING METRICS

Breckinridge has been a longstanding supporter of the Sustainability Accounting Standards Board (SASB) and its mission of standardized corporate sustainability reporting. We are members of SASB's Alliance as well as its Investor Advisory Group. To advance our commitment, we adopted their recommended reporting standards for the Asset Management & Custody Activities Industry for the first time in 2018. Below is our first attempt at reporting on these standards, and we expect our reporting to improve over time.

Topic	Metric	2018 Performance
Transparent Information and Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	(1) Zero (2) 0%
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	Zero
	Description of approach to informing customers about products and services	General information is available on our website. Detailed information is provided to clients initially and updates are provided as a part of ongoing relationship management.
Employee Diversity and Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) nonexecutive management, (3) professionals and (4) all other employees	At current, Breckinridge only tracks gender. Figures below are as of 12/31/18. 1. Executive management: 20% 2. Nonexecutive management: (SVP and above): 28% 3. Investment professionals: 33% 4. All other employees: 41%
Incorporation of Environmental, Social and Governance Factors in Asset Management	Amount of assets under management, by asset class, that employ (1) integration of environmental, social and governance (ESG) issues, (2) sustainability-themed investing and (3) screening	See page 22 of this report.
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	General information is available on our website. Detailed information is provided to clients initially and updates are provided as a part of ongoing relationship management.
	Description of proxy voting and investee engagement policies and procedures	<p>Please note that proxy voting is rare in fixed income. However, Breckinridge maintains written policies and procedures on proxy voting. It is our policy to vote the proxies in the best interest of clients. When a proxy is received, we will engage our investment team to review the proposals and decide on a vote. Should a material conflict of interest be identified, Breckinridge may engage a third-party consultant to recommend votes on the ballot. The recommended votes are binding. Proxy voting is handled internally by our compliance department.</p> <p>To address the lack of proxy voting in fixed income, we have developed a bond issuer engagement effort that focuses on direct, strategic conversations with issuer management teams. We enter the discussions with three objectives in mind: <i>(Continued on pg 28)</i></p>

APPENDIX

SUSTAINABILITY DISCLOSURE TOPICS AND ACCOUNTING METRICS

Topic	Metric	2018 Performance
Incorporation of Environmental, Social and Governance Factors in Asset Management	Description of proxy voting and investee engagement policies and procedures	<p><i>(Continued from page 27)</i></p> <ol style="list-style-type: none"> 1. To gain a better understanding of the credit and ESG profiles of bond issuers, the material issues, opportunities and risks they face; 2. To provide an idea-generation platform for analysts; and 3. To encourage the transparent reporting of material ESG issues, as improved disclosure would enhance our ESG analysis to the benefit of our clients.
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Zero
	Description of whistleblower policies and procedures	As part of Breckinridge's Code of Ethics and overall compliance program, employees are encouraged to report any actual or suspected violations of applicable laws or policies, as well as any fraud or illegal activity involving our business, to the firm's chief compliance officer. All reports are treated confidentially to the extent permitted by law and investigated promptly. Breckinridge will use best efforts in keeping the employee's identification confidential and will only disclose the identity when necessary. While we encourage employees to report violations to the firm, they have an option to report violations to the Securities and Exchange Commission's Office of the Whistleblower.
Systemic Risk Management	Percentage of open-end fund assets under management by category of liquidity classification	Zero
	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	Breckinridge is an investment grade fixed income manager and invests in historically liquid sectors. Our Investment Committee closely monitors and assesses bond market liquidity. On a broad scale, our investment team regularly converses on issuer-specific liquidity for credits held, as well as for new credits coming to market. We closely manage liquidity risks in all portfolios and limit issuer exposure to ensure diversification. If a broad market liquidity event occurs, our Investment Committee may adjust sector weightings or limit trading activity.
	Total exposure to securities financing transactions	Zero
	Net exposure to written credit derivatives	Zero

