Breckinridge
CAPITAL ADVISORS

ESG: OFFERING SIGNPOSTS ON THE INVESTMENT JOURNEY

On a journey, signposts can provide important information about what may lie ahead. With more information, a traveler can make more informed decisions along the way.

In a similar way, environmental, social and governance (ESG) analysis can add information for investors as they make their way on their investment journey. While no investment approach is a guarantee to positive outcomes, like signposts along the roadway, ESG factors can highlight risks, suggest outcomes, or help align preferences, as investors plot their course.

ESG ADDS INFORMATION TO INVESTMENT DECISION MAKING.

We believe that ESG analysis can provide a wider view of investment risks and opportunities. Integrating ESG into our investment process helps us price risk and return. Our goal is to derive a comprehensive perspective on whether a bond can compensate investors for risk relative to return.

ADDITIONAL INFORMATION MAY POINT TO POTENTIAL RISKS.

The touchstone of ESG analysis is to identify material risks that are not apparent or might be easily overlooked in traditional financial analysis. Formalized, sector-specific, and proprietary ESG frameworks assist Breckinridge in this effort.

INTEGRATING ADDITIONAL DATA MAY ALIGN WITH AN INVESTOR'S VALUES.

To develop customized fixed income accounts, Breckinridge believes that ESG factors can be used to align investors' financial goals with their personal values. For example, investors who wish to bias their investments to environmental stewardship, social equity, or community health, can utilize ESG factors to further their aims.

ENGAGEMENT ON ESG ISSUES FACILITATES TWO-WAY COMMUNICATION FOR INVESTORS AND ISSUERS.

Information discovered during engagements with bond-issuers on ESG issues allows investors to explore best practices in sustainability. Engagement meetings also help to further refine credit quality research.

Engagement meetings may generate information which points to bond issuers that are more attentive to addressing ESG risks and reporting on their progress.

Prepared for Investment Professional and Institutional Use.

#298181 (6/16/22)