Breckinridge
CAPITAL ADVISORS

ITEM 1. COVER PAGE

Breckinridge Capital Advisors, Inc.
Firm Brochure
Part 2A

125 HIGH STREET
SUITE 431
BOSTON, MA 02110
WWW.BRECKINRIDGE.COM

SEPTEMBER 7, 2018

This brochure provides information about the qualifications and business practices of Breckinridge Capital Advisors, Inc. ("Breckinridge"). If you have any questions about the contents of this brochure, please contact us at 617-443-0779. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Breckinridge is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Breckinridge is also available on the SEC's website at: www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

Since our last Brochure update in March 2018, we have made the following material changes:

- Under Item 4, we added a section on our information security and privacy practices.

- Under Items 8 and 12, we added information about our tax loss harvesting and cross trades for tax loss realization practices. The use of cross trades for tax loss realization is a new process that became effective on September 4, 2018.

- Under Item 12, we enhanced disclosures on the way we manage and trade our client accounts.

Finally, we added a new member to our portfolio management team. Allyson Gerrish joined Breckinridge in July 2018. Additional information about Ms. Gerrish can be found in Form ADV Part 2B.

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ITEM 4. ADVISORY BUSINESS

Founded in 1993, Breckinridge Capital Advisors, Inc. ("Breckinridge") is a Boston-based investment advisor specializing in the management of investment-grade fixed income bond portfolios. Breckinridge has always espoused the benefits of a customized separate account structure and has focused exclusively on managing fixed income portfolios as separate accounts since inception. Working through a network of investment consultants and advisors, we serve a variety of clients ranging from high net worth individuals to large institutions.

As a Benefit Corporation and B Corp, Breckinridge is driven by the responsibility to create positive, long-term impact for our clients and all stakeholders. We view sustainability as a key strategic priority. As a B Corp, we believe our business can and should be a force for good, and this philosophy permeates all that we do. Our commitment to sustainability is reflected in our investment process, daily business activities and community outreach. Through a wide range of corporate sustainability initiatives, we strive to contribute to addressing important social and environmental issues.

Breckinridge is primarily owned by Peter Coffin, the firm's founder and President. As of June 30, 2018, Breckinridge managed $36.1 billion in assets on behalf of 15,232 clients; one of those clients with assets totaling $17.3 million represented non-discretionary assets.

Our Clients

Clients are commonly referred to our firm through wrap programs sponsored by independent financial intermediaries ("Sponsors"), by other investment advisors and consultants (collectively, "Advisors"), or directly sourced from institutions. Advisors and Sponsors are not affiliated with Breckinridge and are expected to conduct their own due diligence of our firm. Each Advisor and Sponsor will offer all or some of Breckinridge's investment strategies to their clients.

For the wrap programs, we enter into advisory agreements with the Sponsors, not with the underlying clients. Some Advisors have entered into an advisory agreement with Breckinridge, while others require Breckinridge to enter into agreements with the end client directly. In nearly all cases, the Advisor or Sponsor remains Breckinridge's primary point of contact for client related communications and updates. Clients who have accessed our investment advisory services directly may have designated authorized individuals to act on their behalf. Any such arrangements will have been provided in either the investment management agreement or in separate written documentation. Throughout this Brochure, our references to clients include Advisors, Sponsors, the end clients, and those clients who access our services directly.

When clients access our services through an Advisor or Sponsor ("intermediaries"), Breckinridge will not be provided with sufficient information from the intermediaries to perform a suitability assessment of Breckinridge's services for their accounts. Breckinridge relies on the intermediaries who, within their fiduciary duty, must determine not only the suitability of Breckinridge's services for the client, but also the suitability of Breckinridge. This also includes any assessment of whether a particular wrap platform is appropriate for the client.

Technology and Information Security

Since our founding, we have always pushed ourselves to innovate technologically. We believe innovation allows us to better serve our clients. This has led us to develop proprietary technology and techniques that have enabled us to manage portfolios, analyze credits, and implement customizations for our clients. We also rely on third-party systems and data to operate and service client accounts on a daily basis. As a result, our firm and these third-party providers process, store and transmit large amounts of electronic information about our clients and their accounts, including transactions and holdings.

The dependence on technology and systems make us and certain of our service providers susceptible to cybersecurity risks that include loss of client information or assets, privacy breaches and identity theft, loss of confidential company information, and disruption of business. These types of events can be caused by unintentional failures or deliberate attacks. Therefore, Breckinridge has in place policies and procedures that address information security, privacy, identity theft, business continuity and third-party service providers. These policies are reviewed regularly and revised as necessary to reflect changes in our business, the way we process, store and transmit electronic information, or other matters.

A copy of our information security policies and privacy notice are available upon request by contacting our compliance team at 617-443-0779 or compliance@breckinridge.com.

ITEM 5. FEES AND COMPENSATION

The maximum fee Breckinridge assesses for management of a client account is 35 basis points. Breckinridge retains full discretion to negotiate fees in consideration of asset levels, service requirements, and any other factor that Breckinridge deems relevant. Some client assets are aggregated for billing purposes. Clients with multiple accounts managed by Breckinridge or clients who access Breckinridge through Advisors may be offered blended/stepped fee schedules.

Unless other arrangements are agreed upon, fees will be payable quarterly, in arrears. Breckinridge will either deduct fees directly from client custodial accounts or send an invoice to the client or Advisor directly. Client fee schedules and the way fees will be paid are explained in the advisory agreement.

All holdings in client accounts are priced monthly. When Breckinridge is responsible for calculating the fee for client accounts, we do not charge fees on cash. However, we may earn fees on cash from clients who calculate their own fees as some clients include cash in the asset values used for billing purposes. Clients are responsible for verifying that the fee has been properly calculated.

In addition to Breckinridge's advisory fees, clients bear trading costs, taxes, and any fees or expenses associated with custodial accounts, wire and electronic fund transfers, or services provided by other third-party investment advisors or managers selected by the client. Clients are required to appoint their own custodians and responsible for negotiating the terms and arrangements for the account with that custodian. As such, Breckinridge is unable to influence the transaction costs charged by the custodian to settle Breckinridge trades for their accounts.

Breckinridge acts as sub-adviser to certain mutual funds in which Breckinridge clients may be investors. Breckinridge may not be aware that such clients are also fund shareholders as this information is not routinely provided or readily available to us. Outside of a sub-advisory fee, Breckinridge receives no other compensation from these funds. To the extent that client accounts are invested in unaffiliated mutual funds, these funds pay a separate layer of management, commissions, trading, and administrative expenses, which are exclusive and in addition to Breckinridge's advisory fee. Breckinridge does not receive any portion of the fees and expenses from unaffiliated funds.

Additional information on trading and custody can be found in the *Brokerage Practices* and *Custody* sections.

Wrap Programs

For its investment advisory services on wrap programs, Breckinridge receives directly from each Sponsor – and not from any client whose account(s) we manage through the program – a portion of the all-inclusive, wrap fee that each client pays the Sponsor. Each Sponsor's program allows its clients to receive, in exchange for a unitary, all-inclusive wrap fee, discretionary portfolio management services from portfolio managers participating in the program, assistance in choosing participating managers, trade execution and custodial services, periodic performance and other reports, and certain other related services provided by the Sponsor and its affiliates.

Under each program, any brokerage commissions or other transactions fees (collectively, "transaction costs") on client trades effected through the Sponsor or its affiliates are generally included in the all-inclusive fee that each client pays the Sponsor. Regardless of these directed arrangements, Breckinridge has the authority to trade with other broker dealers (i.e., trade away). In all, or nearly all, cases, Breckinridge will trade away in our pursuit of best execution. When we trade away, the client will incur any transaction costs associated with those trades in addition to the wrap fee charged by the Sponsor. Therefore, clients who choose Breckinridge as a manager through a wrap program will incur transaction costs paid to the executing broker dealer and transaction costs included in the wrap program fee paid to the Sponsor. Wrap account clients should refer to the Sponsor's disclosures for more complete information on program fees and costs.

Please see the *Brokerage Practices* section for additional information on our trading practices.

Termination and Assignment

Advisory agreements with clients cannot be assigned without the approval of the client. Clients may terminate an advisory agreement within five business days after execution without penalty. Otherwise, the contract may be terminated upon thirty days prior written notice. Fees paid in advance for the current quarter will be pro-rated on a daily basis and any unused portion returned to the client. Fees paid in arrears for the current quarter will be pro-rated on a daily basis and billed to the client.

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

Breckinridge does not have any performance fee arrangements. However, Breckinridge provides investment advisory services to clients in different strategies, with specific customizations and varying fee schedules. As such, Breckinridge's portfolio managers and traders must allocate their time across multiple client accounts, which can create a conflict of interest. To manage this conflict, Breckinridge utilizes a team-based approach to portfolio management and, proprietary systems to assist with the management of client accounts. Our proprietary systems allow the portfolio management team and traders to continuously monitor client portfolios and complete allocations across multiple client accounts, without any regard to fee schedules, but in a manner that is consistent with internal policy and client mandate.

Please see the section on *Brokerage Practices* for more information on our investment and allocation processes.

ITEM 7. TYPES OF CLIENTS

Breckinridge provides investment advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations, foundations, corporations, investment companies registered under the Investment Company Act of 1940, private investment funds, Taft-Hartley plans, public funds, and other institutional investors.

Private investment funds for which Breckinridge acts as investment adviser are not registered under the Investment Company Act, and can invest in similar securities as other advisory clients. Breckinridge is not the general partner to any such fund and does not receive placement fees with respect to investments in those funds.

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

Investment Strategies

Breckinridge offers municipal, government credit and sustainable bond strategies. Unless otherwise indicated, the minimum investment for strategies is $500,000. Minimum investment amounts are subject to Breckinridge's discretion.

Tax-Efficient Strategies

Breckinridge's tax efficient strategies seek to maximize after-tax income and preserve capital by investing primarily in tax-exempt municipal bonds. Tactical allocations to taxable municipal, high-quality corporate, Treasury and government agency bonds may also be considered based on a client's tax rate. Breckinridge offers several tax-efficient strategies across the maturity spectrum that can be customized by benchmark, maturity, duration, credit quality, tax status and state. State preference options are available for clients with state-tax liabilities.

Treasury Strategies

Breckinridge's treasury strategies seek to maximize risk-adjusted returns and to preserve capital by investing in U.S. treasury securities. Breckinridge offers several treasury strategies across the maturity spectrum that can be customized by benchmark, maturity and duration.

Government Credit Strategies

Breckinridge's government credit strategies seek to maximize risk-adjusted returns and to preserve capital by investing in corporate, taxable municipal, supranational, treasury and government agency issuers. Breckinridge offers several government credit strategies across the maturity spectrum that can be customized by benchmark, sector, maturity, duration, and credit quality.

Core Government Credit Strategies

Breckinridge's core government credit strategies seek to maximize risk-adjusted returns by primarily investing in municipal bonds, corporate bonds, asset-backed securities, mortgage-backed securities, government agency and government sponsored enterprise securities, treasury bonds, and supranational bonds. Breckinridge offers several core government credit strategies across the maturity spectrum that can be customized by benchmark, sector, maturity, duration, and credit quality. Subject to Breckinridge's discretion, the minimum investment for these strategies is $10,000,000.

Sustainable Strategies

Designed for investors who are interested in emphasizing environmental, social and governance (ESG) performance, the sustainable strategies add a sustainable overlay to the tax efficient, government credit or core government credit strategies described above. Breckinridge attempts to achieve each strategy's investment objectives by selectively investing in those eligible issuers with above-average ESG profiles and/or bonds that fund essential environmental, social or economic development projects. Each strategy can be customized by benchmark, sector, maturity, duration and credit quality. Values-based customizations, such as environmental or religious based themes, are also available.

Methods of Analysis

Investment Philosophy

Grounded in our mandate to preserve capital, Breckinridge seeks to incrementally improve risk-adjusted returns with rigorous bottom-up credit research, opportunistic trading, and the seasoned judgment of our portfolio management team.

Investment Process

Breckinridge's investment process is collaborative and client portfolios are team managed. Client restrictions or customizations are hard coded into our proprietary portfolio management and trading system to support accurate and timely implementation, monitoring and compliance.

Outlook and strategy are determined by our Investment Committee, which is composed of a cross section of senior investment professionals from portfolio management, trading, investment strategy and research. They meet monthly to determine the firm's macroeconomic, interest rate and sector outlooks, and to formulate positioning. Various fundamental factors such as Federal Reserve and fiscal policy, economic data, market conditions and liquidity, are assessed in conjunction with a review of our credit analysts' sector outlooks. Additionally, the committee evaluates relative value among sectors, and reviews spread history and sector/security attribution. Based on this top-down analysis, the committee sets portfolio duration targets, yield curve positioning/maturity distribution and sector risk exposures for each strategy. The committee also sets the strategy for tax loss harvesting cross trades throughout the year. These include minimal loss guidelines to help offset transaction costs against tax savings and the turnover limit in portfolios. Rules and targets are adjusted accordingly in our integrated portfolio management and trading system for implementation, and outlook and strategy updates are communicated firm-wide.

Breckinridge's research team is responsible for coverage of specific fixed income sectors. Analysts use proprietary credit frameworks, ESG factors, and quantitative and qualitative data to generate internal ratings. Research analysts also review new and secondary issues to identify potential purchases. Breckinridge's ratings and research reports are viewable by both the portfolio management team and the traders.

Portfolio managers implement the strategy and targets in the portfolios in conjunction with client's objectives and parameters. Breckinridge's portfolio management system enables both customization and compliance with each client's investment guidelines. Portfolios are monitored on an ongoing basis by the portfolio management team, who determine purchases, sales and possible swaps through the assimilation of credit analysts' views and ratings, and traders' input on valuation. Once these determinations are made, portfolio managers define the appropriate bond parameters for traders. The traders use the criteria to seek bonds that fit the specifications.

Traders are able to use analysts' internal ratings to enhance the assessment of a security's fair value. Our traders continually assess opportunities in both the primary and secondary markets for suitability and value, monitor spread relationships, credits and maturities and take action when relative-value opportunities are identified.

Client Customizations

Breckinridge has always espoused the benefits of a customized separate account structure. Therefore, we accept customizations, including reasonable investment restrictions, and changes to customizations with prior approval by our portfolio management team. Clients may submit, in writing, their customization requests to our consultant relations or client services teams who will send the requests to the portfolio managers' review. Once approved, the customizations will become effective at the agreed upon date between the client and Breckinridge.

Depending on the complexity of the customization, the time required for review and approval will vary. As a matter of policy, Breckinridge will not change an account customization or incept an account until all customizations have been reviewed and approved. Please refer to the *Investment Process* section of this Brochure for more information on how we manage account customizations.

Tax Loss Harvesting

All taxable client accounts will generally be included in tax loss harvesting. When engaging in tax loss harvesting, client accounts will sell bonds with unrealized losses and reinvest the proceeds in another bond that is similar. When reinvesting proceeds from tax loss trades, we aim to maintain and potentially improve the portfolio's structure. The account may reinvest the proceeds at a higher or lower price level than the sales price of the security. When harvesting losses, we expect to reinvest the proceeds unless instructed otherwise (e.g., hold in cash).

In order to facilitate tax loss harvesting, Breckinridge will use cross transactions to reallocate bonds among client accounts. The strategy for tax loss harvesting cross trades is set by our Investment Committee during their regular meetings throughout the year and implemented by the portfolio management team and the traders. Clients may opt out of tax loss harvesting, cross transactions or both at any time by providing written notification to us. Refer to the *Risk Considerations* section below and Item 12 for more information on cross trades and tax loss harvesting.

For clients who opt out of tax loss cross transactions, our portfolio management team has full discretion to determine whether to harvest losses or not in client accounts. We will accept written requests from clients to harvest losses. If a client does submit such a request, our portfolio management team will review the account to determine the appropriateness of harvesting losses against reinvestment. They will assess the amount of tax losses to be taken, the amount of losses available to realize, and the amount of reinvesting required. While we attempt to accommodate all requests, the portfolio management team could determine that the harvesting of losses is not appropriate. Should this be the case, we will notify the client or their adviser. Tax loss requests should be provided in writing and submitted before the end of November. Requests received after November will be processed on a best efforts basis.

Risk Considerations and Definitions

Clients should be aware of the risks associated with a particular strategy when making investment decisions. All investments involve risk of loss that clients should be prepared to bear. Risks will vary based on the investment strategy and the specific securities held.

As described in the *Investment Philosophy* and *Investment Process* sections of this Brochure, Breckinridge strives to meet its mandate of preserving capital and providing reliable income to its clients by carefully managing and analyzing risks. Using a proprietary system, the portfolio managers continually run filters and tests to monitor client portfolios from a variety of standpoints such as duration and maturity. The portfolio managers also run daily reports to identify variances from investment committee targets and client investment guidelines.

The table below highlights the material risks associated with each investment strategy. Risks for the sustainable tax-efficient, sustainable government credit, and sustainable core government credit strategies are the same as those listed below.

Each risk is discussed in more detail after the table.

	Investment Strategies			
Risks	**Tax Efficient**	**Treasury**	**Government Credit**	**Core Government Credit**
144A Securities Risk				x
Asset Backed Securities Risk				x
Call Risk	x		x	x
Corporate Debt Risk			x	x
Credit Default Risk	x		x	x
Duration Risk	x	x	x	x
ESG Risk	x		x	x
Event Risk	x		x	x
Government Securities Risk	x		x	x
Interest Rate Risk	x	x	x	x
Issuer Risk	x		x	x
Liquidity Risk				x
Market Risk	x	x	x	x
Mortgage Backed Securities Risk				x
Municipal Bond Risk	x		x	x
Prepayment Risk	x		x	x
Reinvestment Risk	x	x	x	x
Sector Risk			x	x
State/Region Risk	x		x	x
Tax Loss Harvesting Risk	x		x	x
Tax Liability Risk	x		x	x
Valuation Risk	x		x	x

144A Securities Risk: 144A securities are unregistered securities that are available to qualified institutional investors only. Due to the restrictions and limits on trading these securities, there is greater risk associated with these securities than those registered with the SEC. Public information on the issuers of 144A securities may be limited as they are not required to provide the same level of disclosures as the issuers of publicly traded securities.

Asset Backed Securities Risk: Payment of principal and interest on asset-backed securities is dependent largely on the cash flows generated by the assets backing the securities. Further, some asset backed securities may not have the benefit of any security interest in the related assets. There is also the possibility that recoveries in the underlying collateral may not be available to support the payments on these securities. Downturns in the economy could cause the value of asset backed securities to fall, thus, negatively impacting account performance.

Call Risk: Some bonds give the issuer the option to redeem the bond before its maturity date. If an issuer exercises this option during a time of declining interest rates, the proceeds from the bond may have to be reinvested in an investment offering a lower yield, and may not benefit from an increase in value as a result of declining rates. Callable bonds also are subject to increased price fluctuations during periods of market illiquidity or rising interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

Corporate Debt Risk: The rate of interest on a corporate debt security may be fixed, floating, variable, may vary inversely with respect to a reference rate. Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation. They also may be subject to price volatility due to interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of a corporate debt security can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. A company default can reduce income and capital value of a corporate debt security. Moreover, market expectations regarding economic conditions and the likely number of corporate defaults may impact the value of these securities.

Credit Default Risk: The risk of loss of principal due to the borrower's failure to repay the loan or risk of liquidity from the decline in the borrower's financial strength.

Duration Risk: The risk associated with the sensitivity of a bond's price to a change in interest rates. The higher a bond's (or portfolio's) duration, the greater its sensitivity to interest rate changes.

ESG Risk: Breckinridge integrates environmental, social and governance ("ESG") criteria in its research processes. Breckinridge believes that the assessment of ESG risk can improve credit assessments. However, there is no guarantee that integrating ESG analysis will provide improved risk-adjusted returns over any specific time period. Additionally, investment strategies that exclude securities based solely on ESG criteria may not provide better risk-adjusted returns than those strategies that do not have such restrictions.

Event Risk: The possibility that an unforeseen event will negatively affect a company or industry, and thus, increase the volatility of a bond.

Government Securities Risk: Not all U.S. government securities are backed by the full faith and credit of the U.S. government. It is possible that the U.S. government would not provide financial support to certain of its agencies or instrumentalities if it is not required to do so by law. If a U.S. government agency or instrumentality defaults and the U.S. government does not stand behind the obligation, returns could be negatively impacted. The U.S. government guarantees payment of principal and timely payment of interest on certain U.S. government securities.

Interest Rate Risk: Prices of fixed income securities tend to move inversely with changes in interest rates. As interest rates rise, bond prices typically fall and vice versa. The longer the effective maturity and duration of a strategy's portfolio, the more the performance of the investment is likely to react to interest rates.

Issuer Risk: Prices of securities may decline for a number of reasons which directly relate to the issuer. These reasons include management performance, financial leverage and reduced demand for the issuer's goods or services.

Liquidity Risk: The risk that exists when a bond's limited marketability prevents it from being bought or sold quickly enough to avoid or minimize a loss.

Market Risk: Prices of securities may become more volatile due to general market conditions that are not specifically related to a particular company, such as adverse economic conditions or outlooks, adverse investor sentiment, changes in the outlook for corporate earnings, or changes in interest rates.

Mortgage Backed Securities Risk: Mortgage backed securities are affected by interest rate changes and the possibility of prepayment of the underlying mortgage loans. In addition, these securities are subject to the risk that underlying borrowers will be unable to meet their obligations.

Municipal Bond Risk: Investments in municipal bonds are affected by the municipal market as a whole and the various factors in the particular cities, states or regions in which the strategy invests. Issues such as legislative changes, litigation, business and political conditions relating to a particular municipal project, municipality, state or territory, and fiscal challenges can impact the value of municipal bonds. These matters may also impact the ability of the issuer to make payments. Also, the amount of public information available about municipal bonds is generally less than that for corporate equities or bonds. Additionally, supply and demand imbalances in the municipal bond market can cause deterioration in liquidity and lack of price transparency.

Prepayment Risk: Similar to call risk, this risk is associated with the early unscheduled repayment of principal on a fixed income security. When principal is returned early, future interest payments will not be paid. The proceeds from the repayment may be reinvested in securities at a lower, prevailing rate. This risk is especially common with mortgage-backed securities.

Reinvestment Risk: The risk that future cash flows, either coupons or the final return of principal, will need to be reinvested in lower-yielding securities.

Sector/Region Risk: The risk that the strategy's concentration in the bonds of companies in a specific sector or industry will cause the strategy to be more exposed to the price movements of companies in and developments affecting that sector

State Risk: Portfolios with state or region specific customizations will be more sensitive to the events that affect that state's economy and stability. Portfolios with a higher the concentration of bonds to a state or region in a portfolio may have higher credit risk exposure, especially if the percentage of assets dedicated to the state is invested in fewer issuers.

Tax Loss Harvesting Risk: The effectiveness of a tax loss harvesting strategy is largely dependent on each client's entire tax and investment profile, including investments made outside of Breckinridge's advisory services. As such, there is a risk that the strategy used to reduce the tax liability of the client is not the most effective for every client. To the extent that a client's custodian uses a different cost basis/tax lot accounting, tax efficiencies may be greater or lower than Breckinridge's estimates. Tax loss harvesting may generate a higher number of trades in an account due to our attempt to capture losses. Further, a client account may repurchase a bond at a higher or lower price than at which the original bond was sold.

Cross transactions will be used to facilitate tax loss harvesting in most cases. When using cross transactions for tax loss harvesting, the participating client accounts gain exposure to the tax-loss harvested bonds received from the other account. While Breckinridge generally selects bonds that, in its best judgement, will not change significantly in price, bonds nevertheless are subject to fluctuations in price, and the bonds received may go up or down in value. Please see *Cross Transactions* under Item 12 for additional information.

Federal and local tax laws and rates can change at any time; changes to tax laws and rates can impact tax consequences for clients. Further, the IRS and other taxing authorities have set certain limitations and restrictions on tax loss harvesting. The tax consequences of Breckinridge's tax loss strategy may be challenged by the Internal Revenue Service (IRS). Clients should consult with their tax professionals regarding tax loss harvesting strategies and associated consequences.

Tax Liability Risk: The risk that the distributions of municipal securities become taxable to the investor due to noncompliant conduct by the municipal bond issuer or changes to federal and state laws. These adverse actions would likely negatively impact the prices of the securities.

Valuation Risk: The lack of an active trading market and/or volatile market conditions can make it difficult to obtain an accurate price for a fixed income security. There are uncertainties associated with pricing a security without a reliable market quotation, and the resulting value may be very different than the value of what the security would have been if readily available market quotations had been available.

ITEM 9. DISCIPLINARY INFORMATION

Breckinridge and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Breckinridge and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

Breckinridge has adopted a Code of Ethics (the "Code") for all employees. It sets forth the highest standards of ethical conduct and fiduciary duties owed to our clients. The Code includes, among other things, policies and procedures relating to personal trading. All employees must acknowledge the terms of the Code, as a stand-alone document or as part of the firm's compliance manual, initially upon hire and at least annually thereafter.

The Code is designed to assure that personal securities transactions, activities and interests of Breckinridge's employees will not interfere with: (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest in their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based on the determination that these would materially not interfere with the best interests of Breckinridge's clients.

As a general rule, Breckinridge prohibits employees from investing in securities that would be eligible for client portfolios. However, Breckinridge anticipates that, in limited circumstances, it will permit an employee to invest in securities that may be recommended for (or is currently held in) client accounts. Such personal transactions, as well as other personal trading activity, must satisfy the Code and applicable laws. The Code requires preclearance on certain transactions, at least quarterly reports on such transactions, and a list of investment accounts and holdings on an annual basis. Nonetheless, allowing employees to invest in the same securities as clients creates a possibility that employees may benefit from market activity by a client in a security held by an employee. Employee trading is monitored regularly. A copy of Breckinridge's Code is available to any client or prospective client upon request.

ITEM 12. BROKERAGE PRACTICES

Broker Selection

Breckinridge invests solely in fixed income securities, which are traded in dealer markets. In selecting dealers, Breckinridge's guiding principle is to seek the best overall execution for client transactions. We recognize that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Since the markets in which we trade can be inefficient, we utilize the widest possible window of dealer access, including bid wanted platforms, in our pursuit of best execution.

Breckinridge considers a number of factors, including, without limitation, the actual handling of the order, the ability of the dealer to settle the trade promptly and accurately, Breckinridge's past experience with similar trades, the dealer's expertise in the market, and other factors that may be unique to a particular order. In recognition of the value of these qualitative factors, Breckinridge may cause clients to pay markups or markdowns that are higher than the lowest cost that might otherwise be available for any given trade.

Breckinridge has trading partners that have, or trading partners with affiliates that have, client accounts managed by us. Since Breckinridge has a business interest in these client relationships, there may be an incentive for Breckinridge to select these dealers over those without such client accounts when placing orders for client portfolios. When selecting dealers for client orders, we do not consider whether

Breckinridge receives client referrals from such dealers or their affiliates. Further, our traders are not permitted to consult with the consultant relations team on dealer selections. We also conduct periodic reviews of its trade execution and trading partners to ensure we are meeting our best execution objectives.

When we believe it is appropriate, we will use bid wanted platforms when soliciting bids for bonds being sold. We believe the use of bid wanted platforms expands the number of broker dealers alerted. As a result, we can obtain more responses to help ensure that we will receive an acceptable bid.

Directed Brokerage Arrangements

Generally, Breckinridge will not accept directed broker dealer arrangements. On occasion, we will accept client direction when a client funds a new account with securities that we typically do not cover or trade. Under such circumstances, we may rely on the client to direct the trades to a specific broker dealer. These directed trades are treated as non-discretionary trades and are not evaluated for execution quality. Clients may also may not be receiving the most favorable execution and may be paying higher transaction costs or execution price when directing trades to a particular dealer. Please refer to the *Client Transferred Securities* section for more information, including the requirements, on funding new accounts with such securities.

Research and Soft Dollar Benefits

Breckinridge receives sell-side research from broker dealers, including market indices, that is not available to the general public. Breckinridge does not direct trades to obtain this research and has a policy to not enter into any soft dollar arrangements. To the extent that Breckinridge receives this research, the research will be used to facilitate the management of all client accounts.

Trade Orders and Aggregation

Trade orders, or portfolio needs, originate from the portfolio management team. Our traders also can identify bonds that represent a buy opportunity but do not fit an existing need. In such instances, the portfolio management team must approve the opportunity prior to the trade being executed. Trade orders are communicated to the traders via our proprietary systems.

For sell orders, the portfolio management team will provide traders with the participating portfolios, specific securities and the number of bonds. If multiple client portfolios are selling the same security, we will try to aggregate the sales into one block trade and execute the trade with one or more dealers. Each participating client account will receive the same execution price for the trade.

When the portfolio management team determines that purchases are necessary in client portfolios, the portfolios in need of trades are placed on "Inquiry." Our traders have discretion to purchase any research-approved bond that fits the need requirements set by the portfolio management team. Although we will use best efforts to aggregate buy orders, the manner in which we trade our accounts is not suitable for aggregation in many cases.

We will consider aggregation for purchase needs from across multiple client accounts if the purchased bond will fit the needs of multiple portfolios or the same bond is being purchased across multiple portfolios. We also will examine the following characteristics of each individual portfolio: where we will consider aggregation include the following, but are not limited to:

- A trader has purchased bonds that will fit the needs of multiple portfolios. We will aggregate those accounts and allocate the bonds across those accounts according to our trade allocation policy.

- Portfolio management team wants to participate in a new issue or secondary offering of bonds.
- Portfolio management or traders seek to buy a specific bond.

When considering aggregation, the portfolio management team and traders will also review each portfolio's:

- investment strategy,
- liquidity needs;
- state preference;
- tax bracket;
- applicable guidelines and restrictions, and
- any other factor deemed relevant by the portfolio management team or traders.

Aggregating orders may allow Breckinridge to achieve lower transaction costs and more effective execution for orders than would be the case if each individual client order were placed separately with one or several dealers. Clients may also be able to achieve lower trade execution prices as a result of this practice.

Trade Allocation

Breckinridge seeks to allocate investment opportunities among clients in the fairest possible way while taking into account each clients' best interests and any customizations they have requested. We have established procedures that help ensure allocations do not involve a practice of favoring or discriminating against any client or group of clients. Neither account performance nor advisory fees is ever a factor in trade allocations.

Each portfolio with purchase needs is placed on Inquiry and assigned an investment schedule based on several portfolio characteristics (e.g., strategy and state preference). Once bonds are purchased, the portfolio managers or traders use a rules-based system (coded with each account's restrictions, limitations, etc.) to allocate the bonds to eligible portfolios. If traders identify bonds that represent an opportunity but do not fit an existing need, the portfolio management team may choose to take advantage of the opportunity by either amending an existing need or selecting other portfolios not on Inquiry but are eligible for the bonds. When allocating such opportunities, the portfolio managers or traders give priority to the eligible portfolios that were originally on Inquiry. Any unallocated bonds thereafter will be allocated to eligible portfolios that are furthest away from the strategy's targets.

To the extent that the number of bonds is insufficient to allocate to all participating portfolios, portfolio managers and traders will endeavor to first allocate bonds to the inquiries that are furthest away from meeting their assigned investment schedule. Portfolio managers have discretion to change the priority of the allocation order in light of client specific customizations and directives, minimum trade sizes, suitability of the bonds, and other such factors. When prioritization order changes, a client account that is more closely in-line with its investment schedule could receive an allocation before an account that is less in-line with its schedule. Inquiry is updated as trades and allocations are completed.

Investing New Accounts

Newly funded accounts are placed on Inquiry and invested in accordance with the same allocation process described in this section. That is, the account will be assigned an investment schedule and will be allocated based on the account's alignment with its investment schedule. Depending on the account size, funding (e.g., cash, securities), and client customizations, a new account may take up to 90 days to become fully invested.

New Issues

When the portfolio management team decides to participate in a new issue of bonds, they will communicate the order to the traders. The trading team will review the list of eligible and participating portfolios to determine the total number of bonds needed. Traders then place the aggregated order with the dealer. Once the order has been filled, the bonds are allocated to all participating portfolios. In the event that the number of bonds received is not sufficient for all participating portfolios, the bonds will be allocated in accordance with the priority set by the investment schedules described in the Trade Allocation section above.

Cross Transactions

When Breckinridge has identified buy and sell orders in the same or similar security at the same time, Breckinridge will consider cross trades between client accounts. A cross transaction occurs when Breckinridge causes one client to sell a bond to another client in an arms-length transaction. Not all clients participate in cross transactions. Breckinridge has a general prohibition on executing cross trades in IRAs and accounts subject to ERISA or the Investment Company Act of 1940. Clients also may opt-out of cross trades at any time by providing written notification to us.

We believe cross trades can be beneficial to both clients by potentially reducing transaction costs and market impact. However, the use of cross trades could result in more favorable treatment to one client over the other. Also, the use of cross trades creates a conflict as we are advising clients on both sides of the transaction. To help ensure we are meeting our fiduciary obligations for both the selling and buying client, we have established specific conditions that must be met when executing cross transactions. In addition, cross transactions are subject to best execution evaluations.

Breckinridge only executes cross trades when all the following conditions are met:

- A good faith determination has been made that the trades are beneficial to both parties.
- The trades adhere to applicable client contractual restrictions and limitations, investment objectives and guidelines for those client accounts involved in the cross.
- The trades adhere to applicable trading and trade allocation policies.
- The trades are consistent with applicable federal and securities laws.
- Transaction prices reflect fair market value and are based on prices provided by independent third party services.
- The trades are processed through broker-dealers not affiliated with Breckinridge.

To determine the price at which Breckinridge will effect cross trades, we will apply a concession (i.e., discount) on the market price. The concession is determined by size and maturity. Since market prices are based on block transactions ($1 million or more in size), the concession is adjusted to reflect odd-lot sizes (below $1 million). Concessions also are adjusted for maturity as it is typical for concessions to increase or decrease with the length of the bond's maturity. The shorter the maturity, the less of a concession placed on the market price. Concessions are reviewed by our portfolio management team on a monthly basis and adjusted as necessary. This pricing process does not apply to those cross transactions executed for tax loss realization, which is described in the next section.

Breckinridge does not pay or receive any additional compensation, commission, or fee for engaging in cross trades, but the broker dealer may charge routine fees to effect the transactions. These fees are deducted from the proceeds of the respective selling client accounts after the trades have been allocated.

Cross Trades for Tax Loss Realization

Effective September 4, 2018, we will implement a program intended to allow for the realization of tax losses using cross transactions between client accounts. Bonds being considered for tax loss crossing must have losses greater than, or equal to, the threshold set by our Investment Committee. Each cross candidate will be reviewed and assessed to ensure it is appropriate for both clients. This review will include, but not limited to, issuer, maturity, call, rating, and coupon. In all cases, the issuers in the cross trade must be different and the transaction must be in compliance with applicable account restrictions and guidelines.

The trades will be aggregated by CUSIPs and executed via a third-party dealer at an evaluated price provided by an independent third-party pricing service. To facilitate these trades, the dealer will charge a fee which is incurred by the client account purchasing the security. Breckinridge does not pay or receive any additional compensation, commission or fee for executing cross trades.

When crossing at an evaluated price, there is no guarantee that the selling or purchasing client will receive the best prices available for that day. However, we believe that the evaluated price is reasonable for both buyer and seller, and we take steps to ensure the evaluated price is representative of fair market value. As part of our tax loss harvest cross process, our traders will review each transaction and determine whether the evaluated price is fair market value. If they determine it is not, the cross transaction will not be executed. In addition, cross trades for tax loss harvesting are subject to the same best execution evaluations as other client trades. While we take steps to ensure that cross trades are beneficial to both parties, cross trades could result in more favorable treatment to one client over the other.

Breckinridge generally uses highest in/first out ("HIFO") accounting in determining cost basis for tax loss harvesting. Client custodians may use a different tax lot/cost basis accounting methodology, which could cause discrepancies in the tax efficiencies estimated by Breckinridge.

Please refer to the *Investment Process* and *Risk Considerations* sections for additional information on tax loss harvesting and cross trades.

Client Transferred Securities

Often, clients will fund accounts with securities. As a general rule, Breckinridge will not accept securities in which we do not typically invest or trade. Prior to accepting any security transfers, Breckinridge's portfolio management team will review the securities, and approve those we will accept. The portfolio management team will determine whether to liquidate or to hold the transferred securities.

Should a client ask Breckinridge to execute transactions in such securities, we will consider such requests on a case-by-case basis. If Breckinridge agrees to execute the transactions, clients should be aware that Breckinridge will treat such transactions as non-discretionary trades and will not evaluate the execution quality. They are completed as a courtesy to the client, and the client will bear all associated costs. Depending on the type of security that is being transferred into the account, Breckinridge will either use the dealer affiliate of the client's custodian to execute the trades or rely on the client to direct the trades to a specific dealer. New assets will not be considered managed by Breckinridge until such trades are completed.

If Breckinridge executes over-the-counter securities transactions on an agency basis at the client's request, clients may incur two transaction costs for a single trade: a commission paid to the executing broker-dealer plus any mark-up or mark-down charged by the market-making broker-dealer, which is included in the offer or bid price of the securities purchased or sold.

Trade Errors

Breckinridge strives to resolve trade errors as soon as reasonably practicable. Under no circumstances will a client bear the cost of an error caused by Breckinridge. It is Breckinridge's intention to make effected client accounts whole when a trade error caused by us results in losses in client accounts. As such, trade error corrections that result in a gain to the client account is retained by the client, and those resulting in a loss to the client account is reimbursed by Breckinridge. In cases where a trade error had no impact to any client account, we will move the trade to an error account where we will bear any losses incurred from the error and retain any gains to offset future error amounts.

ITEM 13. REVIEW OF ACCOUNTS

All accounts are continually monitored, via our portfolio management system, for compliance with rules, targets (e.g., yield curve positioning, sector exposures and asset type weightings), and tolerances set by the investment committee and by clients. Our portfolio management team is responsible for reviewing client accounts and addressing violation notifications generated by the portfolio management system. Client accounts are reconciled at least monthly with custodial account records.

Unless other reporting terms are agreed upon, clients receive quarterly reports, produced by Breckinridge, that include portfolio holdings, market values, and overall portfolio structure (e.g., ratings, maturity, duration). All client reporting is provided via a secured online portal, Clients may opt to receive paper copies of their reports in lieu of electronic copies with written notification to Breckinridge.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Breckinridge does not directly or indirectly compensate any person for client referrals.

ITEM 15. CUSTODY

All client assets are held by unaffiliated qualified custodians appointed by the client. Breckinridge has the ability to debit advisory fees from certain client accounts. For this reason, Breckinridge is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements and compare these statements to any account information provided by Breckinridge. Clients who do not receive at least quarterly statements from their custodian should promptly contact their advisor, custodian, or Breckinridge.

Absent an existing custodial relationship, Breckinridge may assist a client in developing a relationship with a custodian with whom Breckinridge has an existing relationship. While there is no direct link with the investment advice given, economic benefits may be received which would not be received if Breckinridge did not place client assets at the selected custodian. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to trading desks serving institutional managers exclusively; ability to have investment advisory fees deducted directly from client accounts; receipt of compliance publications; ability to view account balances and activity online; etc. The benefits received may or may not depend upon the amount of assets custodied. To the extent that Breckinridge receives these benefits, the benefits may be used to facilitate the management of not only the client accounts responsible for generating the benefits, but all client accounts. In no case does Breckinridge receive any additional fees (outside of the agreed upon advisory fee) from the client or the custodian for this assistance.

ITEM 16. INVESTMENT DISCRETION

Breckinridge has been granted the authority by a majority of its clients to determine, without specific consent, the securities to be bought or sold, the amounts of those securities, and the broker dealers utilized to effect those trades. Such discretion and any limitations to such discretion are received prior to the inception of the client account. Discretion is typically detailed in the advisory agreement or other written documentation. Clients may also amend such restrictions/limitations to their accounts at any time with appropriate notification to and approval by Breckinridge.

ITEM 17. VOTING CLIENT SECURITIES

Breckinridge will accept authority to vote proxies on behalf of clients. Our policy is to vote client proxies in the best interest of our clients. Breckinridge will consider both the short and long-term implications of the proposal to be voted on when considering the optimal vote. Breckinridge will vote proxies for only those fixed income securities that we purchased into the client account, and we will not vote any proxy ballots received after a client has terminated their relationship with Breckinridge.

Since Breckinridge is solely focused on providing investment advisory services, it is unlikely that a material conflict of interest will arise in connection with proxy voting. Nevertheless, if Breckinridge determines that there is a material conflict of interest in voting a proxy (e.g., an employee of Breckinridge may personally benefit if the proxy is voted in a certain direction), Breckinridge will engage a competent third party, at our expense, who will determine the vote that will be in the best interest of clients. As an added protection, the third party's decision is binding.

As a matter of policy, Breckinridge will not reveal or disclose how it has voted (or intends to vote) on a particular proxy matter to unrelated third parties such as solicitors. All employees are prohibited from accepting any remuneration in the solicitation of proxies. A copy of our proxy policy and procedures is available, free of charge, upon request.

Class Actions and Other Legal Proceedings

Breckinridge will not act or advise on any class action claims or legal proceedings pertaining to securities held or formerly held in accounts of clients or former clients.

ITEM 18. FINANCIAL INFORMATION

Breckinridge has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.