ITEM 1. COVER PAGE

Breckinridge Capital Advisors, Inc.
Firm Brochure
Part 2A

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MARCH 15, 2019

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 September 2018, there has been no material changes to our business, policies or practices.

We would like to note that the Core Government Credit Strategies have been renamed to the Fixed Income Strategies. We will be updating our website and other materials over the next several months to reflect this change. We anticipate a completion date on or about October 1, 2019. The strategies' investment policies and process will remain unchanged.

In addition, during our review and update of this Brochure, we revised content throughout the document. These revisions are restricted to wording changes, additions or deletions in our attempt to present information in a more effective manner. Our policies and practices have not changed.

ITEM 3. TABLE OF CONTENTS

ITEM 4. ADVISORY BUSINESS

Founded in 1993, Breckinridge Capital Advisors, Inc. (“Breckinridge”) is a Boston-based, independently owned investment advisor specializing in the management of investment-grade fixed income bond portfolios. Working through a network of investment consultants and advisors, we serve a variety of clients ranging from high net worth individuals to large institutions.

Breckinridge is driven by the responsibility to create positive, long-term impact for our clients and all stakeholders. Breckinridge is a Massachusetts Benefit Corporation and a certified B Corp. We believe these designations help us in our goals to create positive, long-term impact for our clients, employees and the communities in which we live, work and invest. Our commitment to sustainability is reflected in our investment process, daily business activities and community outreach.

Breckinridge is primarily owned by Peter Coffin, the firm’s founder and President. As of December 31, 2018, Breckinridge managed $36.5 billion in assets on behalf of 15,085 clients; two of those clients with assets totaling $115 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 generally 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 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.

The fixed income securities in client accounts are priced daily. When Breckinridge is responsible for calculating the client account fees, the billing value does not include cash and is based on the market value of the fixed income securities on the last business day of the quarter. 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 sub-advised 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) and will regularly exercise this authority 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 (fees based on a share of capital gains on or capital appreciation of the assets of a client.)

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 sub-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 investment grade bond strategies. Our strategies can be customized by benchmark, duration target, credit quality, sector weightings and values-based screens. In addition, tax efficient strategies can be customized by tax status and state specification. 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 preserve capital and to maximize risk-adjusted returns by investing primarily in tax-exempt municipal bonds. The investment team also has flexibility to make allocations to taxable municipal, corporate, Treasury and agency bonds, where appropriate on a risk-adjusted, after-tax basis.

Treasury Strategies

Breckinridge's treasury strategies seek to match respective benchmark returns by investing in U.S. treasury securities.

Government Credit Strategies

Breckinridge's government credit strategies seek to preserve capital and to maximize risk-adjusted returns by investing across Treasury, government-related and corporate sectors.

Fixed Income Strategies

Breckinridge's fixed income strategies seek to preserve capital and to maximize risk-adjusted returns by investing across Treasury, government-related, corporate and securitized sectors. Subject to Breckinridge's discretion, the minimum investment for these strategies is $10,000,000.

Please note that we renamed the Core Government Credit Strategies to the Fixed Income Strategies. Over the next several months, we will be updating our website and other materials to reflect this change. The strategies' investment policies and process will remain unchanged. We anticipate this will be completed on or about October 1, 2019.

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. Values-based customizations, such as environmental or religious based themes, are also available.

Methods of Analysis

Investment Philosophy

Breckinridge offers clients an investment-grade bond allocation that seeks to maximize risk-adjusted returns and act as a counterbalance to broader market volatility. We are solely focused on our mandate to invest in investment-grade bonds that can offer capital preservation and reliable income. We believe that the combination of our rigorous bottom-up credit and ESG research, seasoned traders and portfolio managers, and measurable trading efficiencies allow us to best deliver on this mandate. All of our energy and resources are directed solely to investment-grade fixed income, and we measure our success by the quality of our work on client portfolios.

Investment Process

The overarching aim of our investment process is to provide our clients with portfolios that preserve capital while incrementally improving risk-adjusted returns. The firm's investment process combines a top-down outlook with bottom-up fundamental credit research, ESG analysis and efficient trading to best meet client needs.

Top-Down

Our top-down outlook is determined by the Investment Committee, comprised of senior members of the investment team representing portfolio management, credit research, and trading to bring a plurality of views to our outlook. Our investment outlook is typically between six and eighteen months, allowing us to look through short term market volatility and invest client portfolios with long term investment goals in mind. The Investment Committee translates investment themes into targets for a variety of portfolio characteristics, including duration ranges, yield curve and sector positioning specific to each strategy. Targets are updated into our proprietary portfolio management and trading system for implementation by portfolio managers and traders.

Bottom Up

While our top-down outlook and overall portfolio positioning is determined by our Investment Committee, bottom-up fundamental research drives our individual security selection decisions. Although we invest in investment grade bonds, we do not take idiosyncratic risks for granted. In our view, the risks to investment grade bonds are asymmetric and the downside to investing in a problematic credit can be significant. Placing in-depth fundamental research at the core of our investment process helps ensure that we are driven to protect our clients' capital and to generate reliable returns. We believe ESG analysis helps us uncover unidentified vulnerabilities, that the market frequently ignores, that may affect the present and future value of a bond.

Portfolio Construction

Portfolio construction begins with overlaying the Investment Committee's parameters onto client specific objectives, risk tolerances, liquidity needs and values. The portfolio construction process melds the views of our Investment Committee and insights from the research and trading teams for final implementation by the portfolio management team. The portfolio construction process is designed to be consistent and repeatable, through a systematic rules-based approach to management. Ongoing monitoring is conducted with our portfolio management/analytics system, to review existing portfolios and identify accounts with structures that are inconsistent with established targets. This process limits the likelihood of account variation from our internal targets.

Trading

Traders are charged with finding relative value opportunities in their respective sectors. Traders have discretion to buy any research-approved individual bond that meets the requirements of portfolios as requested by the portfolio managers. Traders may also help portfolio managers with relative value trading through identifying opportunities between existing client holdings and primary and/or secondary market offerings.

Client Customizations

Customized separate accounts are a hallmark of Breckinridge. Breckinridge has built proprietary systems that allow us to accommodate a wide range of customizations while still keeping portfolios aligned with investment strategy. Our portfolios can be customized by benchmark, duration target, credit quality, sector weightings and values-based screens. In addition, tax efficient portfolios can also be customized by client tax status and state specification. Clients may submit, in writing, their customization requests to our consultant relations or client services teams. Restrictions that are outside the scope of our standard customizations are reviewed by our portfolio management team to ensure that they are not overly restrictive. While we do not have a set percentage that would prompt the rejection of an account; our portfolio management team's goal is to assess whether the requested restrictions will overly hinder our ability to build a well-diversified portfolio. Once the customizations are approved by the investment team, the customizations will become effective at the agreed upon date between the client and Breckinridge.

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. The account may reinvest the proceeds at a higher or lower price level than the sale 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

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.

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.

	Investment Strategies			
Risks	**Tax Efficient**	**Treasury**	**Government Credit**	**Fixed Income***
Call Risk	x		x	x
Credit Risk	x		x	x
ESG Risk	x		x	x
Extension Risk				x
Interest Rate Risk	x	x	x	x
Liquidity Risk	x		x	x
Market Risk	x	x	x	x
Prepayment Risk				x
Reinvestment Risk	x	x	x	x
Sector/Region Risk	x		x	x
Tax Loss Harvesting Risk	x			
Tax Liability Risk	x			

*Formerly known as Core Government Credit

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.

Credit Risk: The risk of loss of principal due to the borrower's failure to repay timely principal and interest. This may cause the price of the bond to decline and limit trading liquidity. For corporate bonds, 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. For municipal bonds, 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. For asset-backed bonds, there is the possibility that recoveries in the underlying collateral may not be available to support the payments on these securities.

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.

Extension Risk: The risk associated with the delayed repayment of principal on a fixed income security. When principal repayment is delayed, value of the security may decline as the bonds duration may increase and therefore experience greater interest rate risk. This risk is especially common with mortgage-backed securities during periods of falling interest rates.

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.

Liquidity Risk: The risk that exists when a bond's limited marketability prevents it from being bought or sold in a timely manner at a desired price. 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.

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

Prepayment Risk: The risk associated with the early 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 during periods of falling interest rates.

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 in a specific sector or region will cause the strategy to be more exposed to the price movements of issuers and developments in that sector or region. Portfolios with state or region customizations will be more sensitive to the events that affect that state's economy and stability and 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 or 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, participating client accounts gain exposure to the tax-loss harvested bonds received from other accounts. 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 Internal Revenue Service (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 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.

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 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 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 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.

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.

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.

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 that are eligible for the bonds. When allocating such opportunities, the portfolio managers or traders give priority to the eligible portfolios that were originally deemed as having a need. 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.

Investing New Accounts

Newly funded accounts 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 type (e.g., cash, securities), and client customizations, a new account may take up to 90 days to become fully invested.

New Issues and Secondary Offerings

When the portfolio management team decides to participate in a new issue or secondary offering of bonds, they will communicate the order to the traders. Portfolios are reviewed and tested for suitability (i.e., will not breach client guidelines). Once eligible portfolios have been identified, the portfolio managers will review the list of 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 in accordance with the priority set by the investment schedules described in the *Trade Allocation* section above.

Cross Transactions

As part portfolio management, Breckinridge will identify buy and sell orders in the same or similar security. In these cases, 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

Breckinridge has implemented 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 is reviewed and assessed to ensure it is appropriate for both clients. This review includes, 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 are 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 of 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 cover. 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.

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, retain the gains to offset future error amounts or donate the gains to charity. On occasion, the treatment of gains will be dictated by the client's custodian or program sponsor in accordance with their error policies.

ITEM 13. REVIEW OF ACCOUNTS

All accounts are continually monitored, via our proprietary portfolio management systems, 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

Proxy ballots are rarely issued for fixed income securities. As such, we do not anticipate much, if any, proxy voting activity in our client accounts. However, 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.