



## Item 1. Cover Page

# **Breckinridge Capital Advisors, Inc. Firm Brochure Part 2A**

125 High Street  
Suite 431  
Boston, MA 02110  
[www.breckinridge.com](http://www.breckinridge.com)

March 19, 2025

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](http://www.adviserinfo.sec.gov).



## Item 2. Material Changes

The following material changes were made to this brochure since our previous update on November 7, 2024:

- Item 5: Removed maximum fee rate since client fees are negotiated and can vary from one account to another; expanded on the types of fee arrangements that may be in place at any given time
- Item 6: Clarified that when we launch an incubated strategy, we may keep the corporate accounts in the strategy
- Item 8: Clarified that tax loss crossing is at the discretion of our portfolio management team

In addition to the above, we made immaterial changes (e.g., moving paragraphs) to improve flow and readability.



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## Item 4. Advisory Business

Founded in 1993, Breckinridge Capital Advisors specializes in managing high quality assets through separate accounts, which are often customized by clients. Our client servicing and investment teams work closely with clients to tailor customizations to clients' investment objectives, risk tolerances and liquidity requirements.

Breckinridge is a Massachusetts Benefit Corporation and a certified B Corp (<https://bcorporation.net/>). We believe these designations help us to establish our commitment to sustainability not only within our business but also within the communities in which we live, work and invest.

Breckinridge is independently owned by its former and current employees and members of the Board of Directors. Breckinridge has no subsidiaries or affiliations, with all business conducted out of its Boston and San Diego offices. Peter Coffin, the firm's founder is the firm's majority owner. As of December 31, 2024, Breckinridge managed over \$50 billion in assets on behalf of 18,559 clients.

### Our Clients

Breckinridge manages portfolios for a wide variety of clients, ranging from high net worth individuals to mutual funds sponsored by unaffiliated parties. Clients commonly access our services through intermediaries such as other investment advisors, consultants and wrap fee programs. These programs, advisors and consultants (collectively, "Intermediaries") are not affiliated with Breckinridge. Some clients are directly sourced from institutions. Intermediaries are expected to conduct their own due diligence of our firm. Each Intermediary will offer all or some of Breckinridge's investment strategies to their clients.

### Client Relationship Structures

For wrap fee 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 underlying client directly. Regardless of the agreement arrangements, the Intermediary, not the underlying client, remain Breckinridge's primary point of contact for any underlying client communications, including changes to account guidelines and restrictions. Therefore, throughout this Brochure, our reference to clients generally includes Intermediaries. Underlying clients who access our services directly usually appoint an authorized party to act on their behalf. Any such arrangements are specified in either the investment management agreement or separate written documentation.

### Limitations to Client Information

When underlying clients access our services through an Intermediary, we will not be provided with sufficient information from the Intermediary to perform a suitability assessment of our services for their accounts. We rely on the Intermediaries who, within their fiduciary duty, must determine whether Breckinridge and Breckinridge's services are in the client's best interests.



This includes any assessment of whether a particular wrap free program is appropriate for the underlying client.

### **Technology and Information Security**

Since Breckinridge's 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 issuers, 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.

Dependence on technology and systems makes us and 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. 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 Breckinridge's information security policies and privacy notice are available upon request by contacting our compliance team ([compliance@breckinridge.com](mailto:compliance@breckinridge.com)). Our privacy notice also is available on our website (<https://www.breckinridge.com/privacy-notice/>).

## **Item 5. Fees and Compensation**

Breckinridge retains full discretion to negotiate the advisory fees that we charge clients, in consideration of asset levels, service requirements, and any other factor that Breckinridge deems relevant in its sole discretion. Client fees will vary. Even within the same investment strategy, different clients will have different fee structures and schedules. Employees, their family members and friends, and former employees may be offered lower or no advisory fees. Under certain circumstances such as the launch of a new strategy, we may decide to offer lower advisory fees for a limited period. Some clients have negotiated the lowest available rates for a particular investment strategy and service level. Client fee schedules, responsible parties, applicable effective dates, and the way fees will be calculated and paid are explained in the advisory agreement or other written documentation.

### **Advisory Fee Calculations**

Advisory fees are calculated either by Breckinridge or by the client. The securities held in client accounts are priced daily by an independent pricing service. When Breckinridge is responsible for calculating the advisory fees, the billing value does not include cash and is based on the market value plus accrued interest of the securities on the last business day of the quarter. If



Breckinridge is unable to obtain a price for a security from the third-party service, we will take steps to value the security in accordance with our then current valuation policy.

Some client assets are aggregated for billing purposes. Clients with multiple accounts managed by Breckinridge (i.e., householding) or clients who access Breckinridge through Intermediaries may receive a lower effective rate due to the combined level of assets. Because we are provided with limited client information, Breckinridge does not household accounts for fee calculation purposes unless instructed to do so by the Intermediary. Such instructions must be provided to us in writing. Once instructions have been acknowledged and processed by us, householding will go into effect for the next billing cycle.

Our standard fee payment methodology requires advisory fees to be paid quarterly, in arrears. We will either deduct fees directly from client custodial accounts or invoice clients. If a client wishes to calculate or pay advisory fees in a manner that is different from our standard, it will be the client's responsibility to calculate the advisory fees. Clients are responsible for verifying that their fees have been properly calculated.

When a client is responsible for calculating their own advisory fee, they may use a different calculation, pricing source or time period than those used by Breckinridge. Breckinridge will request documentation from the client to conduct a reasonable check but does not validate the client's calculation. Breckinridge does not issue invoices for any fees calculated by clients. 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.

### **Other Fees and Expenses**

In addition to Breckinridge's advisory fees, underlying 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 underlying client. These costs and expenses are not included in the advisory fee paid to Breckinridge.

Clients are required to appoint their own custodians and are responsible for negotiating the terms and arrangements for the account with that custodian. Breckinridge, therefore, is unable to influence the transaction costs charged by the custodian to settle Breckinridge trades for their accounts.

To the extent that client accounts are invested in any 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 commission or portion of the funds' fees and expenses from these types of investments in client accounts.



Additional information on trading and custody can be found in Items 12 and 15 of this brochure.

### **Sub-Advising Mutual Funds**

Breckinridge acts as sub-advisor to certain mutual funds in which Breckinridge clients may be investors. Breckinridge is usually not aware that such clients are also fund shareholders as this information is not routinely provided or readily available to us. On occasion, we will recommend to an existing or prospective client whose needs are not suitable for a separate account to consider a mutual fund that we sub-advise. In such cases, we will provide the client with the fund advisor's or sponsor's contact information so that the client can obtain the appropriate documents prior to making an investment. Outside of the agreed-upon sub-advisory fee, Breckinridge receives no other compensation from the fund, the fund's advisor or sponsor for these suggestions.

### **Wrap Fee Programs**

For our investment advisory services to wrap fee 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. Breckinridge has the authority to trade with broker dealers that are not the sponsor or its affiliates (i.e., trade away), and we will regularly exercise this authority in our pursuit of best execution. When we trade away, the client will incur 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 fee program will incur transaction costs paid to the executing broker dealer for trading away and transaction costs already included in the wrap program fee paid to the sponsor. Wrap fee account clients should refer to the sponsor's disclosures for more complete information on program fees and costs.

Please see Item 12 for additional information on our trading practices.

### **Termination and Assignment**

Advisory agreements with clients cannot be assigned without the approval of the client. Unless otherwise agreed upon, agreements may be terminated with thirty days prior written notice. Fees paid in arrears for the current quarter will be pro-rated daily and billed to the client. Clients who pay fees in advance calculate their own advisory fees, including any unused portion



of the fees for the current billing period. Any unused portion is returned to the client by Breckinridge or by the Intermediary, who will then deduct the unused portion from the aggregate fee owed to Breckinridge.

## **Item 6. Performance Based Fees and Side-by-Side Management**

Breckinridge does not have any performance fee or soft dollar arrangements, both of which can create conflicts concerning the management and trading of client accounts.

Conflicts, however, can arise with the simultaneous management of multiple accounts by Breckinridge's investment team. In addition to client accounts, our portfolio management team manages affiliated accounts, which consists of corporate accounts and employee accounts that are invested in certain firm strategies. Corporate accounts typically are used to develop new investment strategies that are generally not available to clients or employees. Breckinridge has discretion, however, to offer all or some incubated strategies to employees and/or select clients at any time. When an incubated strategy is "launched" and made available to all clients, Breckinridge may decide to retain the corporate accounts in the strategy. In such circumstances, we will follow the standards and restrictions set forth in this section.

Employees are permitted to invest in our dividend income strategies. If they choose to do so, their equity account will be subject to certain reporting and certification requirements set forth in our Code of Ethics (see Item 11).

Since we provide investment advisory services to client accounts in different strategies with varying fee schedules, our portfolio management ("PM") team must allocate their time across multiple accounts, including affiliated accounts, with different objectives, benchmarks, restrictions and fees.

Managing multiple accounts simultaneously may result in the team allocating unequal attention and time to the management of each client account. Further, there is an incentive for the PM team to favor affiliated accounts because the firm and/or its employees has financial interests in such accounts. Affiliated accounts can, and will, hold some or all of the same securities as those held in client accounts. Allowing affiliated accounts to invest in the same securities as clients creates the possibility that the firm may benefit from market activity by a client or group of clients in the same security.

Breckinridge seeks to mitigate these conflicts in various ways.

- Our approach to the investment process is collaborative and team-based, which helps to ensure overlap in coverage and support.
- All trading activity is viewable by the trading and portfolio management teams; this creates complete transparency into daily trading in client and affiliated accounts.
- Portfolio managers' compensation is not tied to the performance of any single account or strategy; rather, compensation is based on individual and overall firm performance.



- We utilize proprietary portfolio management and trading systems to monitor and manage all accounts.
- Our proprietary systems enable the fixed income PMs to determine portfolio needs, sales and trade ideas across multiple accounts with our traders' input on valuation.
- Investment selection for the dividend income, treasury and corporate ladder strategies is rules-based. This limits the discretion that the portfolio managers have on investment selection.
- Proposed trades for the dividend income strategies are reviewed by a portfolio manager prior to execution and visible to all members of trading and portfolio management.
- Trading in dividend income, treasury and corporate ladder accounts is limited to certain events such as rebalancing, portfolio flows, tax loss harvesting, maturities or removing securities that are no longer eligible for the strategy.
- Our proprietary systems enable us to complete allocations in a manner that is consistent with internal policy.
- Affiliated accounts are managed in accordance with an investment strategy that include limits and restrictions coded in the proprietary systems.
- Corporate fixed income accounts are restricted from cross trading and tax loss harvesting. This will help prevent any inadvertent principal trading.
- Cross trading is not permitted in the dividend income, treasury and corporate ladder strategies.
- Unless pro-rata allocation is used, corporate fixed income accounts are last in line for securities if they participate in trade orders with client accounts.
- If the corporate accounts participate in new issues with client accounts, allocations must be documented. Any changes to those initial allocations will be documented.
- Employee accounts are tracked in our third-party personal trading system and undergo periodic certifications.
- Compliance conducts periodic reviews of corporate fixed income account transactions against client transactions.

Additional information about our trading, allocation and personal trading practices can be found in Items 11 and 12.

## **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 funds, Taft-Hartley plans, public funds, and other institutional investors.

Any private investment funds for which Breckinridge acts as sub-advisor 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 fixed income and equity investment strategies through separately managed accounts, which can be customized to align with a client's financial objectives and liquidity needs. Customizations include duration, state preferences or sustainability factors. Certain customizations will require higher investment minimums and/or advisory fees. Refer to the Client Customization Options section for more information. All minimum investment amounts are subject to Breckinridge's discretion.

### Fixed Income Strategies

#### Government Credit

Breckinridge's government credit strategies seek to preserve capital and to prudently improve returns by investing across U.S. Treasury, government-related and corporate sectors. The minimum investment is \$300,000. Securitized sectors are included in select versions of these strategies, known as "Fixed Income" strategies. For longer duration (typically between 12 to 16 years) or "Fixed Income" versions of the government credit strategies, the minimum investment is \$10 million.

#### Core

Breckinridge's core strategies seek to preserve capital and to prudently improve returns by investing across Treasury, government-related, corporate and securitized sectors. The minimum investment for these strategies is \$10 million.

#### Credit

Breckinridge's credit strategies seek to preserve capital and to prudently improve returns by investing across U.S. Treasury, government-related and corporate sectors. Credit strategies aim to have a lower allocation to the U.S. Treasury sector than our Government Credit strategies. The minimum investment for these strategies is \$10 million.

#### U.S. Corporate

Breckinridge's corporate strategies seek to generate predictable streams of cash flows with focus on preservation of capital by investing primarily in U.S. corporate bonds. Based on market conditions, the portfolio management team may also invest in U.S. Treasury securities. These strategies are available as laddered portfolios that aim to obtain approximately equal weighted exposure across a desired maturity spectrum. Using rules-based processes to select investments, under normal market conditions, trading activity in these strategies will be limited to events such as portfolio flows, corporate actions, and maturities. The minimum for these strategies is \$250,000.

#### Tax Efficient

Breckinridge's tax efficient strategies seek to preserve capital and maximize after-tax income by investing primarily in tax-exempt municipal bonds. U.S. Treasury, government-related and



corporate bonds are also considered based on market environment and client's tax rate. The minimum investment for these strategies is \$400,000.

### Treasury

Breckinridge's treasury strategies seek to meet investors' needs for liquidity and principal protection while generating income by investing in U.S. treasury securities. These strategies are available as an indexed strategy or a laddered strategy. The indexed strategies seek to match respective benchmark returns by targeting duration characteristics of the specified reference index. The laddered strategies (formerly named target maturity) seek to obtain approximately equal weighted exposure across a desired maturity spectrum. Both these strategies use rules-based processes to select investments; thus, under normal market conditions, trading activity in these strategies will be limited to events such as portfolio flows, maturities or in the case of the indexed strategies, rebalancing to the selected index on a monthly basis. Traders and portfolio managers have discretion to pause trading in the strategies if they notice significant market events or an issue with the process operation. The minimum investment for the laddered strategy is \$1,000,000 and \$10 million for the indexed strategy.

### **Equity Strategies**

#### High Quality Dividend

Breckinridge's high quality dividend strategies seek to generate income by investing in a portfolio of large capitalization equities with a consistent history of paying growing dividends. Leveraging Breckinridge's expertise in fundamental credit research to identify issuers, whose corporate bonds are investment grade rated and have a history of persistent dividends, this strategy utilizes a rules-based methodology to rank and weight stocks according to fundamental criteria that captures strong dividend payer attributes, as defined by our investment team. This strategy can be managed on a tax-aware basis. Accounts in these strategies are rebalanced no less than quarterly according to our internally managed custom index (i.e., the model portfolio). The minimum investment for these strategies is \$200,000.

### **Methods of Analysis**

#### Investment Philosophy and Approach

Breckinridge's investment philosophy holds that investors are well served by counterbalancing higher-risk assets with high quality investments. The overarching aim of our investment process is to provide our clients with portfolios that preserve capital while prudently improving returns. We work towards this goal by combining a top-down outlook with bottom-up research and efficient trading.

#### Top-Down Macro Economic Outlook

Our top-down outlook is determined by the Investment Committee. The Committee is comprised of senior investment professionals who bring a diversity of views to our outlook from the perspectives of their roles in portfolio management and analysis, research and trading. The Committee meets formally once per month, with more frequent meetings and conversations held as needed based on changes in the market environment. The Committee's



structure allows for discussions in the context of a process-led environment to deliberate the market impact of numerous factors that include monetary and fiscal policy, market conditions, capital flows, business cycles, equity market outlooks, credit trends and relative value across sectors. Members debate and forecast a base-case scenario and variability around this scenario. Our investment outlook is typically between six and eighteen months, allowing us to see through short-term market volatility and invest client portfolios with long-term investment goals in mind.

The output of the Committee meetings determines our macro assessment of the market. Investment themes are translated into overall risk posture for the firm and specific targets/parameters for the fixed income strategies. These targets cover a variety of portfolio characteristics, including duration ranges, yield curve positioning and sector exposure specific to certain strategies. Where applicable, the targets are updated into our proprietary portfolio management and trading systems for implementation by portfolio managers and traders.

### Bottom-Up Research

Rigorous, fundamental bottom-up research is paramount to our investment process and is key in helping us to identify risks and opportunities. Our analysts conduct ongoing research and surveillance on securities purchased and held in client accounts. In reviewing securities, research analysts assess and consider various types of information and data that can include financial statements, company filings, current macro environments, sector specific trends, extra-financial factors, government data, third party research and direct dialogue with issuers. Using proprietary tools such as risk-based matrices, analysts can synthesize their research to generate independent internal ratings and opinions on a broad universe of investment grade issuers.

An assessment of material sustainability factors is included in our attempt to identify and assess long-term and idiosyncratic risks. It is our belief that a thoughtful and forward-looking assessment of risk would be incomplete without the inclusion of material sustainability factors. Materiality will differ by sector, industry, issuer, and other factors and our analysts will consider various quantitative and qualitative data in their assessments. However, our investment team may conclude that other attributes outweigh these considerations when making investment decisions.

### **Portfolio Construction**

#### Fixed Income Strategies

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. Our proprietary order management system continually runs filters and tests to review positioning in client portfolios from a variety of standpoints (e.g., duration, maturity). The system also runs daily reports to identify variances from rules set by client investment guidelines and Investment



Committee targets. Portfolio managers are prompted to evaluate portfolios that are not in line with targets; this process limits the likelihood of significant variation from internal targets.

#### Treasury and Corporate Strategies

Portfolio construction for our Treasury indexed strategies employs a rules-based process for selecting index constituents, thus largely replicating the major characteristics (maturity, duration, etc.) of the client selected index. For our laddered strategies, portfolio construction is also rules-based and selects various index eligible securities across the client selected maximum maturity. Our order management system runs checks to ensure that each account achieves the desired outcome of each strategy (index matched or equal weighted/laddered). The portfolio managers are responsible for overseeing the rules-based processes.

#### Dividend Income Strategies

Portfolios in the High Quality Dividend strategies are built according to rules-based models, which are rebalanced every quarter. Eligible investments are scored and ranked with equally weighted metrics such as return on equity, payout ratio and Breckinridge's internal credit rating. If an internal credit rating is not available, the Bloomberg Composite rating is used. Security weight and sector limits are also imposed. Breckinridge's internal sustainability assessment is an additional criterion in the sustainable model. The portfolio manager is responsible for validating the integrity of the models.

#### **Client Customization Options**

Clients can impose reasonable restrictions, also known as customizations, on their accounts. Our proprietary systems allow us to accommodate a wide range of customizations while keeping portfolios aligned with the selected investment strategy. For our fixed income strategies, we work closely with clients to customize portfolios that appropriately align with their objectives, guidelines, and liquidity requirements. Tax-efficient portfolios can be customized by client tax status and state specification. Our dividend income strategies also allow clients to customize the account's tax awareness level.

For clients who are interested in emphasizing sustainable factors, Breckinridge can add a sustainable overlay to many of our investment strategies. Sustainable options aim to achieve their investment objectives by selectively investing in issuers with above-average sustainability profiles. For certain options, portfolio managers can also consider use of proceeds or source of funds in their decision making. For the dividend income strategies, our rules-based model includes our internal sustainability assessment that determines eligibility and/or weight of an issuer.

Breckinridge also offers thematic customizations for certain fixed income investment strategies. These customizations seek to align investments with a specific mission, as selected by the client.



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 must be approved by our portfolio management team. There are no set parameters that would prompt the rejection of an account. Rather, our portfolio management team's goal is to assess whether the requested restrictions will overly hinder our ability to build a diversified portfolio within the strategy the client has selected. Once the customizations are approved by the portfolio management team, the customizations will become effective at the agreed upon date between the client and Breckinridge.

Certain customizations will require higher investment minimums and/or incur higher advisory fees. Clients can contact our Consultant Relations team ([cr@breckinridge.com](mailto:cr@breckinridge.com)) for more specific information on customization capabilities and requirements.

### **Tax Loss Harvesting (TLH)**

As part of our standard portfolio management process, tax loss harvesting is conducted in our dividend income and tax-efficient municipal bond strategies. When engaging in TLH, client accounts will sell securities with unrealized losses and reinvest the proceeds in another security that is similar. The account may reinvest the proceeds at a higher or lower price than the sale price of the original security. When harvesting losses, we expect to reinvest the proceeds unless instructed otherwise (e.g., hold in cash).

### Fixed Income Strategies

Breckinridge will use cross transactions to facilitate TLH across eligible and participating client accounts. The TLH cross trading strategy is set by our Investment Committee during their regular meetings throughout the year and implemented by the portfolio management team and the traders. No less than monthly, the portfolio management team or the traders will review the list of municipal holdings that meet the percentage loss threshold set by our Investment Committee. Since tax loss crossing is usually at the portfolio management team's discretion, clients who opt for tax loss crossing may see periods where no such transactions have occurred or periods where many tax loss cross trades have taken place. Clients may opt out of tax loss harvesting, cross transactions or both at any time by providing written notification to us. Refer to *Risk Considerations* in this section 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 in client accounts. Clients may submit written requests, which will be reviewed by our portfolio management team. The team 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. The deadline for TLH requests is set by our portfolio management team in light of market conditions and other factors. Clients can contact our reconciliation team ([reconteam@breckinridge.com](mailto:reconteam@breckinridge.com)) for a copy of our tax loss harvesting policy



with the deadline. Requests received after the deadline will be processed on a best-efforts basis.

**Dividend Income Strategies**

Tax loss harvesting (TLH) for a dividend income portfolio is completed monthly, unless the portfolio meets the loss threshold set by the portfolio manager. If a portfolio meets the threshold before month-end, losses will be harvested at such time and the portfolio will not participate in the month-end process. A tax optimization process is used for TLH. The tax optimization process includes a quantitative analysis that considers tax rates, tax lots and tracking error limits (set by the investment team). Additionally, the process includes a buy-list of eligible securities to accommodate TLH while considering wash sales. Breckinridge uses a third-party system to assist the portfolio manager in implementing tax optimization across client accounts. The system identifies potential trades which are reviewed by the portfolio manager prior to execution. We also use the vendor’s equity risk model when looking for tax efficient trades while maintaining low tracking error with the model.

Clients can designate one of three options (no consideration, standard or aggressive) for tax optimization. Clients who have elected “no consideration” will be excluded from the TLH process.

Client TLH elections can be made during onboarding or at any time after onboarding by contacting Breckinridge’s client services team (clientservices@breckinridge.com). Clients may also change this election at any time, including the election for a one-time TLH, by contacting our client services team. Changes and requests must be in writing and approved by Breckinridge. The change will become effective on a mutually agreed upon date between the client and Breckinridge.

**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. The table below highlights the principal risks associated with each investment strategy. All the listed strategies, except Treasury, are offered with the sustainable overlay discussed earlier in this Item under Investment Strategies. The risks are the same for the sustainable version of the strategy.

	Tax Efficient	Treasury	U.S. Corporate	Govt Credit	Core	Credit	HQ Dividend
Call Risk	x		x	x	x	x	
Credit Risk	x		x	x	x	x	x
Dividend Risk							x
Equity Risk							x



	Tax Efficient	Treasury	U.S. Corporate	Govt Credit	Core	Credit	HQ Dividend
Sustainability Risk	x		x	x	x	x	x
Extension Risk					x		
Interest Rate Risk	x	x	x	x	x	x	x
Investment Style Risk							x
Liquidity Risk	x		x	x	x	x	
Market Risk	x	x	x	x	x	x	x
Prepayment Risk	x			x	x	x	
Reinvestment Risk	x	x	x	x	x	x	
Sector/Region Risk	x	x	x	x	x	x	x
Tax Loss Harvesting Risk	x						x
Tax Liability Risk	x						

**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. For the dividend income strategies, credit risk applies as credit ratings are a direct input into the rules-based approach



and a downgrade in credit rating as a result of elevated credit risk may result in a position being exited, potentially at a loss.

**Dividend Risk:** Dividends are not guaranteed payments, and companies can decide to cease or lower dividends at any time. This can have a negative impact on overall account performance and income received.

**Equity Risk:** Equity investments are volatile and can decline significantly in response to investor reception of the issuer, market, economic, industry, political, regulatory or other conditions. In addition, when interest rates rise, equity investments, including dividend-paying securities, may become less attractive to investors as bonds and other fixed-income investments may offer higher yields.

**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 rising 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. For equity securities, interest rate fluctuations can impact security pricing as some valuation techniques include discount rates that fluctuate with interest rates. Additionally, changes in interest rates can impact shifts in investor favor for specific securities or sectors.

**Investment Style Risk:** Specific types of securities tend to go through cycles of under and outperformance of the overall market. There is a risk that large-capitalization, dividend paying stocks will fall out of favor and underperform the market or other stocks.

**Liquidity Risk:** Liquidity risk exists when particular investments are difficult to purchase or sell in a timely manner or at a desired price and may be particularly pronounced for long-term investments. This risk may increase during volatile or adverse market and economic conditions. Clients who terminate their relationships with Breckinridge or requests portfolio withdrawals during these types of events may be forced to sell their securities at significantly reduced prices. In addition, the lack of an active trading market and/or volatile market conditions can make it difficult to obtain accurate prices or valuations for certain securities.

**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. The markets can also be significantly impacted by unpredictable events such as environmental or natural disasters or pandemics. These types of events may



significantly reduce liquidity and marketability for certain securities, including bonds. When liquidity and marketability are reduced, it may be difficult to purchase and sell securities at desired prices or times. In such cases, clients may not achieve their intended level of exposure to certain sectors at favorable prices or when desired.

**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. This risk is primarily associated with fixed income investments.

**Sector/Region Risk:** The risk that the strategy's concentration 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 risk exposure, especially if the percentage of assets dedicated to the state is invested in fewer issuers. This risk increases with certain values-aligned customizations as investments will concentrate on sectors or regions that align with the objectives of the customization.

**Sustainability Risk:** Breckinridge includes an assessment of material sustainability factors in its investment process. Breckinridge believes that the assessment of these factors can improve overall risk analysis. However, there is no guarantee that integrating this type of analysis will provide improved risk-adjusted returns, lower portfolio volatility, or outperform the broader market or other strategies that do not utilize sustainability criteria when selecting investments. The consideration of these factors may limit investment opportunities available to a portfolio, especially for clients who have elected to emphasize sustainable factors or thematic customizations. In addition, data and reporting of sustainable factors often lacks standardization, consistency and transparency. This means that the data for certain issuers may not be available, complete or accurate.

Investments selected thematic objectives may not meet the desired positive impact or become subject to negative publicity. These types of events may adversely impact the investment and the overall portfolio, including causing the customization to not meet its objectives.

**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. This can mean higher overall transaction costs to clients. Further, a client account may repurchase a security at a higher or lower price than at which the original security was sold.

Cross transactions will be used to facilitate tax loss harvesting in our eligible fixed income strategies. 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.

For personal trading purposes, Breckinridge has designated all employees as Access Persons. Temporary employees, including co-ops and interns, will not be considered Access Persons. However, Compliance has discretion to require a temporary employee to comply with all or some of the personal trading requirements in the Code at any time during their employment with the firm. Breckinridge prohibits Access Persons from investing in fixed income securities, excluding treasuries, that would be eligible for client portfolios. In limited circumstances, Compliance will permit an Access Person to invest in bonds that may be recommended for (or are currently held in) client accounts. Typically, this permission will be granted when a new employee has an existing investment in a bond that is eligible for client accounts. Such personal transactions, as well as other personal trading activity, must satisfy the Code and applicable laws.

We allow employees, including the investment team, to invest in our dividend income strategies. These investments are managed as separate accounts which are subject to the same reporting and certifications as other personal trading accounts. The Breckinridge-managed employee accounts will further be subject to the applicable side-by-side management restrictions and limits discussed in Item 6.

Breckinridge anticipates that, in appropriate circumstances, consistent with clients' investment guidelines, it will cause client accounts to effect or will recommend to clients the purchase or sale of securities in which Breckinridge has a position of interest through its affiliated accounts (i.e., corporate proprietary accounts and Breckinridge-managed employee accounts). Further, we could take actions in these same securities that are different than those in client accounts. Similarly, our employees could personally trade in equity securities that are held in the dividend equity strategies. 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.

Breckinridge does not allow the affiliated accounts or employees to profit from trade allocations at the expense of client accounts. As discussed in Item 6, we have taken steps to address the conflicts arising from trading alongside client accounts and investing in the same securities as clients. Our Code also requires preclearance on certain transactions, at least quarterly reports on such transactions, and a list of investment accounts and holdings on an annual basis. Transactional restrictions such as blackout periods and holding periods are also applied to certain personal transactions. 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

In selecting broker dealers, Breckinridge's guiding principle is to seek the best overall execution for client transactions. Breckinridge generally defines best execution as our having taken reasonable steps to obtain the best possible order execution while also taking into account costs, speed, price, settlement, size, market conditions and any other relevant factor to the execution of the order, rather than simply our obtaining the lowest or highest price or commission.

We recognize that the analysis of execution quality involves many factors, both qualitative and quantitative (e.g., fees and commissions). Therefore, when selecting broker dealers for client trades, Breckinridge considers a number of qualitative factors, including, without limitation, the actual handling of the order, the ability of the broker dealer to settle the trade promptly and accurately, Breckinridge's past experience with similar trades, the broker 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 or receive a price or commission that is not the highest or lowest that might otherwise be available for any given trade. In other words, clients may not purchase a security at the lowest price or sell a security at the highest price. Client-imposed account restrictions that limit our means to select broker dealers could impact our ability to seek best execution on trades in those accounts.

Since the fixed income 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 for our fixed income strategies. 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.

The equity securities held in our dividend income portfolios are typically highly liquid investments, with narrow bid-ask spreads. Absent any client restriction, we usually direct trades to the client's appointed custodian's affiliated broker dealer, if one is available. Trading with the custodian's affiliated broker dealer can reduce overall transactions costs for the client by avoiding trade away fees or paying lower or no commissions. If the custodian does not have an affiliated broker, we will select a broker in accordance with the many considerations described earlier in this section. Regardless of the selected counterparty, all discretionary equity trades are subject to our execution quality assessment.

Assessment of fixed income and equity execution quality, which includes third-party trade cost analysis reports, is completed monthly by members of our portfolio management and trading teams. Material outliers are reviewed by Compliance. Results are also shared periodically with the entire trading and portfolio management teams.



Breckinridge uses broker dealers that have other business relationships with us. Some broker dealers or their affiliates sponsor or maintain programs that refer client accounts to us. We also may purchase securities issued by these broker dealers or their affiliates in our client accounts, unless such transactions are restricted by the client. These relationships pose potential conflicts because there is an incentive for Breckinridge to select these broker dealers over those without client accounts under our management. We manage these potential conflicts by segregating responsibilities and providing appropriate oversight.

Trading is managed by our Co-Chief Investment Officers. Business development and relationship management falls under our Consultant Relations and Operations teams, which are supervised by the Chief Marketing and Distribution Officer and Chief Operating Officer, respectively. Further, traders are not permitted to consult with the Consultant Relations team on broker dealer selections. We also conduct periodic reviews of trade execution and trading partners to ensure we meet our best execution objectives.

### **Directed Brokerage Arrangements**

For our fixed income strategies, Breckinridge generally will not accept directed broker dealer arrangements unless we can trade away. Although Breckinridge does not charge or receive any fees or compensation relating to trading away, the broker dealer or the client's custodian may assess additional fees to accommodate these types of trades. These types of fees may also apply with equity trade aways. Any such fees are borne by the client.

On occasion, we will accept client direction when a client funds a new fixed income account with securities that we do not cover or trade. Under such circumstances, we may rely on the client to select 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 prices 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**

#### Fixed Income Strategies

Except for the treasury and ladder strategies, trade orders--or portfolio needs--originate from the portfolio management team. Traders have discretion to buy and allocate any research-



approved bond that meets portfolio needs and complies with the investment strategy and client guidelines.

Trade orders can also be generated opportunistically. Traders can identify bonds that represent a buy opportunity but do not fit an existing need. Traders also provide input into relative valuation to help identify opportunities for client accounts. Traders will engage with members of portfolio management, and research if needed, when looking at an opportunistic buy. The portfolio management team must approve the opportunity prior to the trade being executed.

Trade orders for the treasury and ladder strategies are automatically generated by our proprietary order management system based on the strategies' rules and portfolio events such as maturities, flows or if applicable, rebalances. Traders will execute the orders generated by the system unless there is an issue with the rules process or market disruption.

#### Dividend Income Strategies

The portfolio manager generates trade orders in our proprietary portfolio optimizer system. Orders are reviewed by the portfolio manager and sent to the traders via the proprietary system. Trade orders are generated on a quarterly basis for clients who have elected no consideration for tax optimization and on a monthly basis for clients who have elected either standard or aggressive tax optimization. Trades are also initiated when the tax loss threshold set by the portfolio manager is reached or when there are portfolio flows, terminations and securities that are no longer eligible for the strategy. Accounts in the strategies are rebalanced no less than quarterly.

#### **Trade Aggregation**

Trades for client accounts will be aggregated when possible and appropriate. When aggregating orders, the portfolio managers will provide traders with the participating portfolios, specific securities and the number of bonds or shares. Aggregated orders for fixed income trades are typically executed through one dealer. As such, each participating client account will receive the same execution price for the trade. In cases where an aggregated equity order will be executed in multiple transactions with one or more broker dealers, each participating client account will receive shares, to the extent possible, at the average execution price and a pro-rated share of the transaction costs.

Our ability to aggregate orders will be limited by certain client account restrictions such as broker dealer requirements, minimum transaction sizes, directed custodial trading, or other operational rules. Such limitations will require the account to be traded separately from the aggregate order. Further, the manner in which we trade many of our fixed income portfolios is not always suitable for aggregation. Market conditions and liquidity can also limit our ability to aggregate trade orders.

Trades executed separately may obtain different prices than the prices obtained from an aggregated order. 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 brokers. 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 a fair and equitable manner and in conformity with each clients' stated investment objectives, guidelines and applicable restrictions. We have implemented policies and procedures that help ensure allocations do not intentionally favor, or otherwise advantage or disadvantage, one client or group of clients over another. Account performance, financial interests and advisory fees are never a factor in trade allocations. Any deviations from the allocation policy will be documented by the portfolio managers, traders or Compliance.

Given the differences in the asset classes in which we invest, we utilize different methods for allocation. Under normal market conditions, we expect to use pro-rata for securities that are not municipal bonds. In the event that the investment team decides that pro-rata will not be the most appropriate allocation method for a particular order, they will document the reason for the deviation in the trading system and allocate the securities using one of the other methods described in this section. Regardless of the allocation methodology, our affiliated accounts will always be last in the allocation priority order if they are participating in trade orders with client accounts, unless the allocation is completed pro-rata.

### **Allocation for Fixed Income Portfolios**

Except for Treasury and ladder portfolios, all fixed income portfolios are assigned an investment schedule by our trading/portfolio management system. The schedules consider many factors including client guidelines, account size, and types of bonds required to fulfill the need. Generally, the further away a portfolio is from meeting its target investment schedule, the higher the portfolio will be on the allocation priority list. Portfolio managers and traders have discretion to change the priority in order to accommodate client directives, minimum trade sizes, suitability of the bonds, and other such factors. When prioritization order changes, a client account that is lower on the priority list could receive an allocation before an account that is higher on the priority list.

### **Municipal Bonds**

Once bonds are purchased, the portfolio managers or traders use our proprietary rules-based system (coded with each account's restrictions, limitations, etc.) to allocate the bonds to eligible portfolios.

To the extent that the number of bonds is insufficient to allocate to all eligible portfolios, portfolio managers and traders will endeavor to first allocate bonds to those portfolios higher on the priority list. Market conditions, liquidity and scarcity often make it necessary to pay higher prices for larger blocks of bonds that can be, otherwise, obtained for smaller lots. Therefore, at times, larger blocks will be allocated to larger accounts in order to address their



needs (e.g., investing new funds) in a timely manner. When this happens, accounts that were higher on the allocation priority list will not receive bonds.

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 other eligible portfolios that are furthest away from the portfolio's strategy targets which are set by the Investment Committee during their monthly meetings.

#### All Other Bonds

Trade orders for the same bond are aggregated (as described under *Trade Orders and Aggregation* in this section) and communicated to the trader. The order will include the security name/identifier, the participating strategy and portfolios, the target position for each portfolio and the total amount of bonds needed to reach the target weight across all participating portfolios.

Traders will seek to fill orders with a single trade, but there will be instances where an order will take more than one trade to complete. In the case where we can source only a partial amount of bonds, we will seek to allocate pro-rata across the participating portfolios. Pro-rata allocations are subject to minimum lot sizes.

If a pro-rated allocation will cause a portfolio to receive bonds below the minimum lot size, the portfolio will not be given an allocation. Any bonds remaining from these exclusions will be reallocated to portfolios that received the lowest or no allocation, prioritized by their internal account number (lowest to highest). When allocating remaining bonds, each participating portfolio will receive no less than one bond. Once a portfolio has received bonds, it will move to the end of the line.

In the event that the amount of bonds purchased does not meet our internal pro-rata de minimis for the trade order, we will prioritize the participating portfolios by internal account number (lowest to highest) and allocate the bonds to each portfolio, up to its full target weight, until all the bonds have been allocated.

Portfolios that receive an allocation through the queue process (i.e., prioritization by internal account number), even if the allocation does not complete the target weight, will be deemed to have received an allocation and will move to the end of the line. Traders will continue to track and work on filling the remainder of the order until the order has been filled or cancelled by a portfolio manager.

Since a single trade order may take multiple transactions to complete, the number of transactions per order can increase if there is insufficient liquidity in the bond, the number of



execution venues is limited, or the aggregate order is large. More transactions can result in higher overall transaction costs for clients as some client custodians will assess a per trade ticket fee and/or other fees related to custody or trade settlement. With increased trading volume, these charges and fees will increase. If custodian charges apply, smaller accounts could be proportionally impacted by these costs more than larger accounts. Transaction costs, custody fees, trade ticket charges and other related fees are not included in the advisory fee paid to Breckinridge. Additional information on fees can be found in the *Compensation and Fees* section.

### **Allocation for Dividend Income Portfolios**

When allocating shares, we aim to allocate round lots to a single share. In instances where we receive a partial fill for an aggregated order, we will allocate the shares, to the extent practicable, pro-rata across the participating accounts. We will generally round the allocation to the nearest round trading lot.

### **Investing New Accounts**

Newly funded accounts are invested in accordance with the same allocation processes described in this section. That is, fixed income accounts (excluding accounts in the treasury strategies) will be assigned an investment schedule and will be allocated bonds based on the allocation methods described above. Depending on the account size, funding type (e.g., cash, securities), and client guidelines, a new fixed income account may take up to 90 days to become fully invested. Equity and treasury accounts will be invested according to the model or the strategy rules, respectively, and may take up to one week 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 compliance (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 and the allocation for each portfolio. 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 allocation methods described in the *Trade Allocation* section above. In the event the allocation for the proprietary accounts is changed from the initial recommendation, the traders or portfolio managers will document the reason for the allocation change. Accounts in the dividend income strategies do not participate in initial public offerings (IPOs) or limited offerings.

### **Client Transferred Securities**

Often, clients will fund accounts with securities. Breckinridge does not routinely accept securities in which we do not typically invest or cover. Prior to accepting any security transfers, our 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 securities that we do not cover, we will consider such requests on a case-by-case basis. If we agree to execute the transactions, we 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 broker 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 all transferred securities have been accepted or liquidated and the account is formally active.

### **Cross Transactions**

Typically, cross trades are considered when a bond being sold from one account meets the need of another account. For example, if we need to sell a bond for a withdrawal request, we will look to see if another account has a need for the bond. If the bond can meet another portfolio need, we will consider a cross transaction. Our trading team reviews every cross candidate prior to execution. We also put the list of potential cross trades out for bid, and will cancel the cross transaction if we receive a price higher than our internal execution price. Cross trades executed for tax loss harvesting are not exposed to the market.

Not all clients participate in cross transactions. Breckinridge has a general prohibition on executing cross trades in accounts in the dividend income and treasury strategies, affiliated accounts 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. Accounts excluded from cross trading may not: (i) receive the benefit of lower transaction costs of doing a cross trade versus trading in the open market, and (ii) receive the same price as clients participating in cross transactions.

We believe cross trades can be beneficial to both clients by potentially reducing transaction costs and market impact. 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. Also, the use of cross trades creates a conflict as we are advising clients on both sides of the transaction. To help ensure we meet 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.

We only execute 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 we will effect cross trades, we will apply a concession (i.e., discount) on the evaluated price provided by our third-party pricing service. 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 a bond's maturity. Concessions are calculated daily using historical market trades of similar size and maturity characteristics relative to their third party evaluated price. 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 dealer will 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 is 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 comply with applicable account restrictions and guidelines. In no circumstance may an affiliated account participate in any cross transaction with a client account.

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 evaluation as other client trades.



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.

### **Trade Errors**

When we have identified a trade error, we will work to correct the error in a timely manner. Although we strive to resolve similar errors in a consistent manner, we recognize that every error can differ and that our approach and industry practices can change over time.

It is Breckinridge’s intention to make impacted client accounts whole when a trade error caused by us results in losses in client accounts. We will consider multiple factors when conducting impact analysis. Methods of calculation will be determined by Breckinridge based on the facts and circumstances of the situation and will ensure that the client account is not financially disadvantaged. In many cases, error corrections, including any monetary impact, are discussed with the clients prior to execution. Trade error corrections that result in a gain to the client account is retained by the client.

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.

The treatment of errors, including any gains or losses, may be dictated by the client’s custodian, primary advisor or program sponsor. In such instances, Breckinridge will consider those of the third party.

### **Item 13. Review of Accounts**

Except for treasury and ladder accounts, all fixed income 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 alerts generated by the portfolio management system.

Treasury and ladder accounts are also continually monitored by our portfolio management system. Thresholds are set for deviations from the strategy rules. If a deviation meets or exceeds the tolerance level, the order management system will recommend trade orders to correct the deviation. We expect deviations to occur when there has been a portfolio event.

Dividend income accounts are rebalanced no less than quarterly. Portfolio flows, account terminations and securities that are no longer eligible will also prompt reviews.



Client accounts are reconciled daily with custodial account records. Breckinridge produces monthly client account reports 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 who are unable to access their online reports can contact our client services team for assistance ([clientservices@breckinridge.com](mailto:clientservices@breckinridge.com)).

## **Item 14. Client Referrals and Other Compensation**

New clients are typically referred to our firm through Intermediaries. Breckinridge does not compensate these Intermediaries or any person, directly or indirectly, for their referrals.

## **Item 15. Custody**

Breckinridge can debit advisory fees from certain client accounts. For this reason, Breckinridge is considered to have custody of client assets. However, all client assets are held by unaffiliated qualified custodians appointed by the client. Breckinridge is not a party to the custodial agreements between clients and their custodians. In most cases, the material terms and conditions of custodial agreements, including any specific reporting instructions, are unknown to Breckinridge.

Custodians usually send statements directly to clients 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.

Breckinridge may assist a client in developing a relationship with a custodian with whom Breckinridge has an existing relationship. Clients are solely responsible for conducting their own due diligence on the custodian prior to engaging their services. 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 assist with the placement of such 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 regulatory compliance publications, ability to view account balances and activity online, amongst others. 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, outside of the agreed upon advisory fee from the client, any additional fees from the client or the custodian for this assistance.

## **Item 16. Investment Discretion**

Breckinridge is typically granted discretionary authority by 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 written notification to and approval by Breckinridge.

From time to time, we will accept accounts where we do not have full investment discretion. These services will include security monitoring and analysis and specific investment recommendations.

## **Item 17. Voting Client Securities**

Breckinridge will accept authority to vote proxies on behalf of clients. Breckinridge has appointed a Proxy Committee (the “Committee”) to review and vote proxy ballots that are received. The Committee also has oversight of any third party proxy voting service provider utilized by the firm. Breckinridge has engaged Glass Lewis to help with proxy voting administration.

Our policy is to vote client proxies in a manner that we determine, in good faith, to be in the best interest of our clients. This determination will include the decision to take no action with respect to any proxy. Breckinridge will consider both the short and long-term implications of the proposal when considering the optimal vote.

In light of the above considerations, we have developed proxy voting guidelines. The Committee reviews the guidelines regularly and updates them as needed. On occasion, the Committee will deviate from the written guidelines. In such instances, all members of the Committee must support the proposed vote. If the decision is not unanimous, the Investment Committee or another independent committee will make the final decision on how to vote. The Investment Committee could decide to vote in accordance with the written policy or in a different manner than what the Proxy Committee had proposed. Any votes that deviate from the written policy will be documented by the Proxy Committee.

When a client has elected to have Breckinridge vote their proxy ballots, their account will vote in accordance with the Breckinridge guidelines. Any voting matters that are not addressed in Breckinridge’s voting guidelines will be reviewed by the Proxy Committee, which will consider Glass Lewis’ guidelines when deciding on a vote. Clients who are invested in a Breckinridge fixed income strategy should be aware that proxy ballots are rarely issued for fixed income securities. Therefore, we do not anticipate any proxy activity in fixed income accounts.

Breckinridge will consider only those proxies issued by the securities purchased by us. Due to the variety of client types that we have, it is possible that Breckinridge will act on the same proxy in different ways for different accounts or different strategies. In addition, we will not vote any proxy ballots received after a client has terminated their relationship with us. Our



ability to review and consider proxy ballots largely depends on the custodians delivering the ballots and documentation to us in a timely manner.

If a client participates in a securities lending program, any proxies associated with lent-out securities will not be voted. Clients who wish to vote those proxies will need to instruct their custodian to call back the securities. Since clients have full discretion on participating in lending programs, Breckinridge will not initiate call backs on any securities. A copy of our proxy policy and procedures and proxy voting guidelines is available, free of charge, upon request.

#### **Conflicts of Interests Pertaining to Proxy Voting**

Since Breckinridge is solely focused on providing investment advisory services, we do not expect 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), the Proxy Committee will take steps to address the conflict before a vote is cast. Conflict resolution could include restricting a conflicted member from participating in decision making or not permitting deviations from the written policy. The Proxy Committee also can consult with the CCO, an ad-hoc member of the Committee, on any conflict matter that arises.

#### **Disclosure of Proxy Votes**

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. Clients can obtain a report of voting activity, if any, for their account by contacting our Client Services team.

#### **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.



# Breckinridge Capital Advisors, Inc.

## Brochure Supplement

### Part 2B

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

MARCH 19, 2025

This brochure supplement provides information about Breckinridge's portfolio management team. It supplements Breckinridge's brochure, which you should have received. Please contact Breckinridge's Chief Compliance Officer ([compliance@breckinridge.com](mailto:compliance@breckinridge.com)) if you have not received Breckinridge's brochure, or if you have any questions about this supplement.

Additional information about our portfolio managers is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). New members of the portfolio management team may not be immediately available on the SEC's website.



## **Matthew Buscone**

### **Co-Chief Investment Officer**

Year of Birth: 1970

### **Educational Background and Business Experience**

Mr. Buscone joined Breckinridge in 2002 as a trader and moved to portfolio management in 2008. As Co-Chief Investment Officer, Mr. Buscone oversees the development of the firm's investment strategy within the Investment Committee and ensures the strategy's implementation across trading, research and portfolio management. He has also held positions as a trader at Mellon Private Asset Management and a portfolio manager at David L. Babson & Co. Mr. Buscone is a graduate of Bryant College, where he earned a B.A. in economics.

### **Disciplinary Information**

None

### **Other Business Activities**

None

### **Additional Compensation**

None

### **Supervision**

Mr. Buscone reports to Breckinridge's Chief Executive Officer, Ognjen Sosa, who can be reached by calling the telephone number on the cover of this brochure supplement.



## **Jeffrey M. Glenn, CFA**

### **Co-Chief Investment Officer**

Year of Birth: 1974

#### **Educational Background and Business Experience**

Mr. Glenn joined Breckinridge in 2012 as a trader and transitioned to the portfolio management team in 2015. As Co-Chief Investment Officer, Mr. Glenn oversees the development of the firm's investment strategy within the Investment Committee and ensures the strategy's implementation across trading, research and portfolio management. Prior to Breckinridge, Mr. Glenn was an associate portfolio manager/analyst at Brandes Investment Partners. He also served as an associate director at Banc One Capital Markets and as an investment analyst at Old Republic Asset Management. Mr. Glenn holds a B.A. in economics from Union College.

#### **Disciplinary Information**

None

#### **Other Business Activities**

None

#### **Additional Compensation**

None

#### **Supervision**

Mr. Glenn reports to Breckinridge's Chief Executive Officer, Ognjen Sosa, who can be reached by calling the telephone number on the cover of this brochure supplement.

The Chartered Financial Analyst (CFA) designation is an international professional certification issued by the CFA Institute to qualified candidates who complete a series of three examinations. To earn the CFA charter, candidates must: (i) pass three sequential, six-hour examinations, (ii) have at least four years of qualified investment experience, (iii) join CFA Institute as members, and (iv) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. The CFA Program curriculum, which is updated every year, provides a comprehensive framework of knowledge for investment decision making and is grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test include these topics: ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management and wealth planning. More information on the CFA charter is available at [www.cfainstitute.org](http://www.cfainstitute.org).



## **Khurram Gillani**

### **Senior Portfolio Manager**

Year of Birth: 1979

### **Educational Background and Business Experience**

Mr. Gillani joined Breckinridge in 2012 as a research analyst before moving to portfolio management in 2016. Prior to Breckinridge, Mr. Gillani was a municipal credit intern at C.W. Henderson & Associates. He is a graduate of the University of Maryland, where he earned a B.S. in physics and astronomy. Mr. Gillani also holds an M.S. in astrophysics from the University of Illinois and an MBA from the University of Chicago.

### **Disciplinary Information**

None

### **Other Business Activities**

None

### **Additional Compensation**

None

### **Supervision**

Mr. Gillani is supervised by Jeffrey Glenn, Co-Chief Investment Officer, who can be reached by calling the telephone number on the cover of this brochure supplement.



## **Eric B. Haase, CFA**

### **Senior Portfolio Manager**

Year of Birth: 1982

### **Educational Background and Business Experience**

Mr. Haase joined Breckinridge in January 2016 as a portfolio analyst and was promoted to portfolio manager in May 2016. Before joining Breckinridge, Mr. Haase was employed with SCS Financial, where he started as a trader and transitioned to a portfolio manager. He holds a B.A. in finance from the University of Massachusetts.

### **Disciplinary Information**

None

### **Other Business Activities**

None

### **Additional Compensation**

None

### **Supervision**

Mr. Haase is supervised by Matthew Buscone, Co-Chief Investment Officer, who can be reached by calling the telephone number on the cover of this brochure supplement.

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## **Margaret Fitzpatrick, CFA**

### **Portfolio Manager**

Year of Birth: 1994

### **Educational Background and Business Experience**

Ms. Fitzpatrick joined Breckinridge in 2017 as a consultant relations associate and transitioned to the portfolio management team in 2020 as a portfolio analyst. Ms. Fitzpatrick was promoted to associate portfolio manager in 2022 and portfolio manager in 2023. Before joining Breckinridge, Ms. Fitzpatrick was an advisory services associate for Gurtin Municipal Bond Management. She holds a B.S. in financial mathematics and statistics from University of California, Santa Barbara.

### **Disciplinary Information**

None

### **Other Business Activities**

None

### **Additional Compensation**

None

### **Supervision**

Ms. Fitzpatrick is supervised by Matthew Buscone, Co-Chief Investment Officer, who can be reached by calling the telephone number on the cover of this brochure supplement.

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## **Erin Nicholls, CFA**

### **Portfolio Manager**

Year of Birth: 1992

### **Educational Background and Business Experience**

Ms. Nicholls joined Breckinridge in 2017 as a finance associate and transitioned to the portfolio management team in 2020 as a portfolio analyst. She was promoted to her current role in 2022. Before joining Breckinridge, Ms. Nicholls was employed with J.P. Morgan as an investment relations analyst. She holds a B.S. in mathematics from Auburn University.

### **Disciplinary Information**

None

### **Other Business Activities**

None

### **Additional Compensation**

None

### **Supervision**

Ms. Nicholls is supervised by Jeffrey Glenn, Co-Chief Investment Officer, who can be reached by calling the telephone number on the cover of this brochure supplement.

The Chartered Financial Analyst (CFA) designation is an international professional certification issued by the CFA Institute to qualified candidates who complete a series of three examinations. To earn the CFA charter, candidates must: (i) pass three sequential, six-hour examinations, (ii) have at least four years of qualified investment experience, (iii) join CFA Institute as members, and (iv) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. The CFA Program curriculum, which is updated every year, provides a comprehensive framework of knowledge for investment decision making and is grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test include these topics: ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management and wealth planning. More information on the CFA charter is available at [www.cfainstitute.org](http://www.cfainstitute.org).



## **Joshua Perez, CFA**

**Portfolio Manager and Director, Corporate Research**

Year of Birth: 1989

### **Educational Background and Business Experience**

Mr. Perez joined Breckinridge in 2018 as a research analyst and was promoted to director, corporate research in 2022. He joined the portfolio management team in 2022, with a focus on Breckinridge's dividend income strategies. Before joining Breckinridge, Mr. Perez worked at Sun Life Investment Management as a director in public fixed income credit research. He holds a B.S. from Bentley University.

### **Disciplinary Information**

None

### **Other Business Activities**

None

### **Additional Compensation**

None

### **Supervision**

Mr. Perez is supervised by Jeffrey Glenn, Co-Chief Investment Officer, who can be reached by calling the telephone number on the cover of this brochure supplement.

The Chartered Financial Analyst (CFA) designation is an international professional certification issued by the CFA Institute to qualified candidates who complete a series of three examinations. To earn the CFA charter, candidates must: (i) pass three sequential, six-hour examinations, (ii) have at least four years of qualified investment experience, (iii) join CFA Institute as members, and (iv) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. The CFA Program curriculum, which is updated every year, provides a comprehensive framework of knowledge for investment decision making and is grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test include these topics: ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management and wealth planning. More information on the CFA charter is available at [www.cfainstitute.org](http://www.cfainstitute.org).



## **Patrick Araujo-Lipine**

**Associate Portfolio Manager**

Year of Birth: 1985

### **Educational Background and Business Experience**

Mr. Araujo-Lipine joined Breckinridge in 2009 as a client service associate before moving to the research team in 2013. In 2023, Mr. Araujo-Lipine was promoted to associate portfolio manager. He holds a B.S. in finance from Florida State University and an MBA from Babson College.

### **Disciplinary Information**

None

### **Other Business Activities**

None

### **Additional Compensation**

None

### **Supervision**

Mr. Araujo-Lipine is supervised by Matthew Buscone, Co-Chief Investment Officer, who can be reached by calling the telephone number on the cover of this brochure supplement.



## **Andressa Tsaparlis**

**Associate Portfolio Manager**

Year of Birth: 1991

### **Educational Background and Business Experience**

Ms. Tsaparlis joined Breckinridge in 2018 as a client services associate and moved to the trading team in 2020. She was promoted to associate portfolio manager in 2022. Before joining Breckinridge, Ms. Tsaparlis was an investor relations analyst and a compliance analyst at J.P. Morgan. She holds a B.A. from Framingham State University and an MBA from Boston University.

### **Disciplinary Information**

None

### **Other Business Activities**

None

### **Additional Compensation**

None

### **Supervision**

Ms. Tsaparlis is supervised by Matthew Buscone, Co-Chief Investment Officer, who can be reached by calling the telephone number on the cover of this brochure supplement.

## FACTS

### WHAT DOES BRECKINRIDGE CAPITAL ADVISORS DO WITH YOUR PERSONAL INFORMATION?

<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	<p>The types of personal data we collect and share depend on the relationship you have with us (e.g., employees, advisors, clients, and vendors). This information can include:</p> <ul style="list-style-type: none"> <li>• Personal information such as social security number, residential/ mailing address, marital status, date of birth, tax and identification number</li> <li>• Financial information such as custodial account numbers and brokerage and bank account numbers</li> <li>• Digital footprint data such as IP address, cookies, account log-in information, and email address</li> <li>• Biographical data such as age and gender</li> <li>• Employment data such as salary information, job position and tax information</li> </ul>
<b>How?</b>	All financial companies need to share personal information to run their everyday business. In the section below, we list the reasons financial companies can share personal information; the reasons Breckinridge chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Breckinridge share?	Can you limit this sharing?
<b>For our everyday business purposes—</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For employment purposes—</b> such as recruitment, payroll, training, maintaining equality and diversity, health and safety, safeguarding employees, or complying with legal obligations	Yes	No
<b>For our marketing purposes—</b> to offer our products and services to you	No	Not Applicable
<b>For joint marketing with other financial companies</b>	No	Not Applicable
<b>For our affiliates' everyday business purposes—</b> information about your transactions and experiences	Not Applicable; Breckinridge has no affiliates.	Not Applicable
<b>For our affiliates' everyday business purposes—</b> information about your creditworthiness	Not Applicable; Breckinridge has no affiliates.	Not Applicable
<b>For our affiliates to market to you</b>	Not Applicable; Breckinridge has no affiliates.	Not Applicable
<b>For nonaffiliates to market to you</b>	No	Not Applicable

## QUESTIONS?

Call 877-443-2663 or email [privacy@breckinridge.com](mailto:privacy@breckinridge.com)



<b>WHO WE ARE</b>	
<b>Who is providing this notice?</b>	Breckinridge Capital Advisors, Inc.
<b>WHAT WE DO</b>	
<b>How does Breckinridge protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include network intrusion detection, password complexity, password rotation, system access control, single sign-on, workstation locks, encrypted mobile devices, restricted access to internal and external applications, social engineering controls, simulated phishing emails, firewalls, application whitelisting, vulnerability scanning and user compliance sessions. As an extension of this, Breckinridge stays informed of well-known third-party security and risk frameworks. Finally, Breckinridge works with expert third-parties to conduct security governance assessments.
<b>How does Breckinridge collect my personal information?</b>	We collect your personal information directly from you or third parties, for example, when you: <ul style="list-style-type: none"> <li>• Open an account with Breckinridge</li> <li>• Interact with our sales team or website</li> <li>• Apply for a job or start employment with Breckinridge</li> <li>• Provide a product or service to Breckinridge</li> <li>• You work with an advisor who subcontracts Breckinridge</li> </ul>
<b>Why can't I limit all sharing?</b>	Federal law gives you the right to limit only <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you</li> </ul> <p>Breckinridge does not disclose to nonaffiliated third parties any nonpublic personal information about its current or prospective clients, employees, advisors and vendors, except as permitted by law or as is necessary to provide advisory services or employment. To the fullest extent permitted by law, these nonaffiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.</p> <p>Applicable state laws as well as global data privacy regulations may give you additional rights to limit sharing. See below for more information on data privacy rights individuals may have under the California Consumer Privacy Act and the European General Data Protection Regulation.</p>
<b>What happens when I limit sharing for an account I hold jointly with someone else?</b>	Your choices will apply to everyone on your account.
<b>DEFINITIONS</b>	
<b>Affiliates</b>	Companies related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• <i>Breckinridge does not have any affiliates.</i></li> </ul>
<b>Nonaffiliates</b>	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• <i>Breckinridge does not have any nonaffiliates.</i></li> </ul>
<b>Joint marketing</b>	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> <li>• <i>Breckinridge does not have any joint marketing agreements with nonaffiliates.</i></li> </ul>



#### **PURPOSES FOR COLLECTING YOUR PII**

We collect your personally identifiable information (“PII”) for a variety of purposes including:

- For our everyday business purposes such as to process your transactions, maintain your accounts(s), or respond to court orders and legal investigations;
- The performance of obligations under advisory or other agreements, which will include suitability and other assessments of potential clients, advisors, vendors and employees (collectively, “third parties”);
- The administrative processes (and related communication) carried out between Breckinridge in preparing for the approval and onboarding of third parties;
- Ongoing communication with third parties, their representatives, advisors and agents, (including the negotiation, preparation and execution of documentation) during the process of onboarding of third parties;
- The ongoing administrative, accounting, reporting and other processes and communication required to operate the business in accordance with the agreements and other applicable documentation between the parties;
- Any legal or regulatory requirement; and
- Any other purpose that has been notified, or has been agreed, in writing.

#### **LAWFUL BASIS**

There is a need to process PII for the purposes set out in this Privacy Notice as a matter of contractual necessity under or in connection with the applicable agreement, and in the legitimate interests of Breckinridge to operate their respective businesses. From time to time, Breckinridge may need to process the PII on other legal bases, including: to comply with a legal obligation; if it is necessary to protect the vital interests of an investor or other data subjects; or if it is necessary for a task carried out in the public interest. For the purposes listed above, Breckinridge is relying on performance of a contract necessity and legitimate interests.

A failure to provide the PII requested to fulfill the purposes described in this Privacy Notice may result in Breckinridge being unable to provide the services in connection with the terms of the advisory or other agreement.

#### **DATA STORAGE AND RETENTION**

Your personal information will be retained only for as long as the information is needed to fulfill the purposes for which it was collected and processed. We reserve the right to retain and use your personal information for as long as necessary to comply with our legal obligations and business requirements and/or to resolve ongoing disputes and enforce our agreements.

#### **TRANSFERS OF PII**

Your PII may be transferred, processed and/or stored in a country other than the one in which your personal information is collected. If Breckinridge transfers your personal information to other countries, we have implemented procedures to ensure that appropriate safeguards are in place to protect the personal information if we have to transfer your PII to other countries.

In addition to disclosing PII amongst themselves, Breckinridge may disclose PII, where permitted by law, to other service providers, prospective or current clients, employees, agents, contractors, consultants, professional advisers, lenders, data processors and persons employed and/or retained by them in order to fulfill the purposes described in this Privacy Notice. In addition, Breckinridge may share PII with regulatory bodies having competent jurisdiction over them, as well as with tax authorities, auditors and tax advisors (where necessary or required by law, rule or regulation).

Breckinridge may transfer PII to a non-equivalent country (a country or territory other than (i) a member state of the EEA; or (ii) a country or territory which has at the relevant time been decided by the European Commission in accordance with EU law to ensure an adequate level of protection for PII), in order to fulfill the purposes described in this Privacy Notice and in accordance with applicable law, rule or regulation, including where such transfer is a matter of contractual necessity to enter into, perform and administer agreements, and to implement requested pre-contractual measures. For information on the safeguards applied to such transfers, please see contact information at the bottom of this notice.

#### **AUTOMATED DECISION MAKING**

We do not use automated processing, including profiling, to make decisions that will have either legal or material effects on the individuals from whom we collect and process personal information.



#### **DATA PRIVACY RIGHTS FOR EUROPEAN RESIDENTS**

The European Union's General Data Protection Regulation (GDPR) is a sweeping piece of legislation that grants EU and United Kingdom (UK) residents increased control over their personal data. In addition, the GDPR requires affected companies to create processes to comply with and facilitate consumer data requests, to update their privacy policies, and to ensure that personal data is secured.

It is acknowledged that, subject to the GDPR, European and UK resident data subjects may exercise certain data privacy rights under the GDPR. If you are an individual who resides in the European Union and whose personal data is collected and processed by Breckinridge, you have the right to:

- Request access to your data
- Rectify your data
- Take your data (in a readable, "portable" format) to another service provider
- Erase your personal data
- Restrict or object to the processing of your personal data
- Lodge a complaint with a Member State Supervisory Authority

Withdraw previously given consent to collect and process personal data (which will not impact personal data processed before the withdrawal).

#### **DATA PRIVACY RIGHTS FOR CALIFORNIA RESIDENTS**

The California Consumer Privacy Act (CCPA) provides some California residents with certain data rights regarding what we do with your PII. If you are a California resident and it is determined that the CCPA applies to you, this section details those rights, how you may exercise them, and what Breckinridge will do in response.

Please note that the rights under the CCPA do not apply to PII collected, processed, sold or disclosed pursuant to Gramm-Leach-Bliley Act (Public Law 106-102) and Fair Credit Reporting Act (12 CFR 1022).

If you are an individual who resides in California and whose personal data is collected and processed by Breckinridge, you may have the right to:

- Request that we disclose, free of charge, the categories and specifics of the PI we collect about California residents (and/or, if applicable, sell or otherwise disclose to a third party for business purposes).
- Choose to opt-out of the sale of personal information. Currently, however, Breckinridge does not sell personal information.
- Request that we delete the PI we have collected. Following our verification of the request, we will comply with the request and delete any or all the PI in our possession that we collected from the California resident and/or any or all such PI in the possession of our service providers, unless otherwise restricted by law or regulation.

#### **QUESTIONS AND EXERCISING YOUR DATA PRIVACY RIGHTS**

You may contact us in order to exercise any of your rights set forth in this privacy notice by calling this toll-free number 877-443-2663 or by emailing us at [privacy@breckinridge.com](mailto:privacy@breckinridge.com). All individuals have the right to not receive discriminatory treatment by Breckinridge for the exercise of the privacy rights set forth in this policy.

NOTE: All data privacy requests must be accompanied by verifiable proof of identity of the requestor.

#### **CHANGES TO THIS PRIVACY NOTICE**

From time to time, we will update this privacy notice. If revisions are made to the privacy notice, we will update the statement with a new date.

Last updated and effective: March 2025



## Proxy Voting and Corporate Actions

Breckinridge has been granted authority by clients to vote proxies and act on voluntary corporate actions. Delegation of proxy voting and corporate actions authority is typically included in the investment management agreement between Breckinridge and the client (or the client's primary advisor) or other written account document.

When granted with such authority, Breckinridge retains full discretion to vote or act on any proxies or voluntary corporate actions that are solicited by or relate to the securities purchased into client accounts by us. We will conduct proxy voting and act on voluntary corporate actions in a manner that we determine, in good faith, to be in the best interest of client accounts. This determination will include the decision to take no action with respect to any proxy or voluntary corporate action.

We will consider only those proxies and corporate actions issued by the securities purchased by Breckinridge while managing the account assets ("managed security"). Proxies or corporate actions solicited by securities that were transferred into the portfolio for funding or contributions, or temporary investment vehicles (e.g., money market funds), will not be acted upon by Breckinridge. Further, Breckinridge will not act on any proxy ballots or corporate actions received after a client has terminated its relationship with us. Any questions regarding this policy should be directed to Compliance or the SC.

### Proxy Voting

Rule 206(4)-6 requires each registered investment advisor that exercises proxy voting authority with respect to client securities to:

- Adopt and implement written policies and procedures reasonably designed to ensure that the advisor votes client securities in the clients' best interests. Such policies and procedures must address the manner in which the advisor will resolve material conflicts of interest that can arise during the proxy voting process;
- Disclose to clients how they may obtain information from the advisor about how the advisor voted with respect to their securities; and
- Describe to clients the advisor's proxy voting policies and procedures and, upon request, furnish a copy of the policies and procedures.

When Breckinridge does vote a proxy, it will do so in the interest of the client. Consideration will be given to both the short and long-term implications of the proposal to be voted on when considering the optimal vote.

Proxy voting is managed by our Stewardship Committee ("SC"), which is chaired by our Director of ESG Research and composed of members from our research and consultant relations teams. The head of corporate research and the CCO are ad-hoc, non-voting advisory members. The SC reports to our Investment Committee ("IC").

The SC has engaged a third party proxy voting service provider, Glass Lewis, to assist the firm with



the proxy voting process. The SC is responsible for overseeing the vendor and ensuring the vendor completes due diligence requests and performs satisfactorily.

### **Voting Guidelines**

Breckinridge has developed a set of proxy voting guidelines that will be applied to all client accounts for which we have voting authority. The guidelines are maintained by the SC and reviewed no less than annually. Any changes to the guidelines must be agreed upon unanimously by the SC. If the SC cannot come to an agreement, the matter will be escalated to the IC for final decision. The SC will report, no less than annually, any changes to the voting guidelines to Compliance and to IC.

### **Voting Process**

For client accounts in our dividend income strategies, we use Glass Lewis' voting platform to manage proxy votes. All equity accounts will be automatically set to vote in accordance with the written guidelines. Clients in our fixed income strategies will have their proxy ballots reviewed and voted manually in accordance with the written guidelines. Since proxy ballots are rarely issued for fixed income securities, we do not anticipate any proxy voting activity in our fixed income client accounts. Any proxy matters that are not addressed in Breckinridge's voting guidelines will be reviewed by the SC and voted in a manner that they believe is in the best interest of the clients. The SC will consider Glass Lewis' proxy voting guidelines in making their decision.

The SC can override a written guideline if they believe it is not in the clients' best interests. The SC must unanimously support the override and SC's proposed vote, in order to override the written guidelines. If the SC does not unanimously support the override or does not agree on the vote, the Investment Committee will make the final decision on how to vote. The SC will document when an override is made and the rationale for the override.

Clients can contact our Client Services team ([clientservices@breckinridge.com](mailto:clientservices@breckinridge.com)) for a copy of Breckinridge's proxy voting guidelines.

### **Conflicts of Interests**

Breckinridge focuses exclusively on investment management, and thus, does not anticipate it will encounter many material conflicts of interests with regards to its proxy voting activities. The SC, in consultation with Compliance, will reasonably try to assess any material conflicts between Breckinridge's interests and those of its clients with respect to proxy voting. SC members also are required to disclose any direct ownership of individual equities for which we will be voting proxies. So long as there are no material conflicts of interest identified, Breckinridge will act on proxies according to the process set forth in this policy.

If a material conflict of interest has been identified, the SC will take steps to address the conflict to help ensure actions are in the best interests of our clients. For example, should an SC member hold a material personal interest in an issuer, that particular member would not be permitted to participate in the decision-making process for proxy ballots in that issuer. If the SC or Compliance believes the conflict can't be sufficiently addressed, it will vote in accordance with the written guidelines. Overrides to the written guidelines will not be permitted in situations where a material conflict cannot be adequately addressed.



### **Other Proxy Matters**

Due to the variety of client types that we have, it is possible that Breckinridge will act on the same proxy in different ways for different accounts or different strategies. In such cases, Breckinridge shall maintain documentation to support its voting as required by Rule 204-2. Further, our ability to review and consider proxy ballots largely depends on the custodians delivering the ballots and documentation to us in a timely manner.

Breckinridge will not be able to vote or act on proxies by securities lent out under a client's securities lending program. If a client wants to vote the proxies, they will need to instruct their custodian to call back the securities. Since clients have full discretion on participating in lending programs, Breckinridge will not initiate call backs on any securities.

### **Proxy Solicitation and Reporting**

It is Breckinridge's policy to not reveal or disclose to any third party (with the exception of clients or their advisors) how Breckinridge has acted or intends to act on a particular proxy. Discussions with clients (or their authorized agents) about proxies will be limited to those issued for securities held in the clients' portfolios. Upon request, Breckinridge will provide clients with a report of the proxies voted on their behalf.

At no time, may any employee accept any remuneration in the solicitation of proxies by third party solicitors. All calls or requests from proxy solicitors should be directed to Compliance.

Breckinridge will include, in its ADV, instructions to obtain a copy of this policy and the voting guidelines.

### **Form N-PX**

On November 2, 2022, the SEC adopted amendments to Form N-PX that extend filing requirements to certain investment advisors, specifically if the advisor is required to file a Form 13F. Currently, Breckinridge is not required to file a Form 13F. Therefore, we are not required to file a Form N-PX.

### **Corporate Actions**

Corporate actions are handled by the Reconciliation team.

Voluntary corporate actions, including tender offers, rights offerings and exchanges, are given the same considerations as proxy ballots. When a corporate action is received, our reconciliation team will work with the investment team to determine the appropriate action. As with proxy ballots, the investment team may decide to not take any action with respect to any corporate action. Records and any supporting documents pertaining to the action taken or not taken will be retained by the reconciliation team.

### **Class Actions and Other Legal Proceedings**

Breckinridge will not act on or agree to participate in any class actions or other legal proceedings on securities held in client portfolios. If an advisor or client has a reasonable request for information in relation to such legal actions, we will provide the information on a best efforts basis. Such requests should be directed to the CCO or COO.



## Recordkeeping

As required under Rule 204-2 of the Advisers Act, Breckinridge will retain the following records for no less than six years:

- Copies of all proxy policies and procedures;
- A copy of each proxy statement that Breckinridge receives regarding client securities (Breckinridge will rely on obtaining a copy of a proxy statement from the SEC's EDGAR system);
- A record of each vote cast on behalf of a client (Breckinridge can rely on a third party to satisfy this requirement);
- A copy of any document created by Breckinridge that was material to making a decision on how to vote proxies on behalf of a client or that memorializes the basis for that decision; and
- A copy of each written client request for information on how Breckinridge voted proxies on behalf of the client, and a copy of the written request to any (written or oral) client request for information on how proxies were voted on behalf of the requesting client.

OCTOBER 18, 2024