

Breckinridge Sustainable Fixed Income Investment Summary



This document is an overview of the investment strategy of Breckinridge prepared by the Santa Barbara Foundation.

SOCIALLY RESPONSIBLE INVESTING (SRI):

Socially responsible investing involves screening for companies that fit within established criteria selected by the investment manager. Breckinridge primarily uses positive screens when choosing potential companies in which to invest. They seek out companies that demonstrate positive ESG criteria using a careful quantitative and qualitative ESG assessment. Breckinridge uses their ESG criteria to select companies with strong sustainability practices that focus on long-term performance instead of short-term results.

Breckinridge focuses on the following ESG criteria:

ENVIRONMENTAL IMPACT

- Toxic emissions and waste
- Water intensity & biodiversity protection
- Air quality Index
- Depth/Breadth of sustainability plans

For example: The risks of failing to manage waste and plan for future resource shortages may ultimately damage a corporate issuer's creditworthiness. In order to strengthen the public utility's long-term viability, companies must plan for environmental regulations and policy initiatives.

SOCIAL IMPACT

- Human capital development
- Health and Safety
- Graduation rate in youth
- Income equality

For example: The risks of failing to monitor supply chains and retain human capital may result in controversies which can damage a company's reputation. A company that prioritizes education and infrastructure funding may help improve a community's future financial health.

GOVERNANCE

- Compensation structure
- Independent board of directors
- Disclosure and transparency
- Evidence of professional city management

For example: A company can be hindered in its competitive positioning if it lacks board independence or compensation aligned with long-term goals. It is important to have good disclosure policies and implement plans for long-term liabilities in order to have good credit standing.