MUNICIPAL AIRPORT BONDS: Q2 2021 SECTOR UPDATE

Summary - During the pandemic, Crossmark Global Investments held municipal airport bonds for two fundamental reasons. First, these airports had sufficient cash on hand, and second, the expectation of air travel resuming before cash was materially depleted from FY2019 levels.

Municipal analysts and individuals were concerned about the airport sector as the COVID-19 pandemic began to restrict travel. Fundamental analysis of cash on hand at the onset of COVID-19 resulted in the Strategy maintaining non-Alternative Minimum Tax airport bonds in portfolio unless the cash on hand or credit rating began to deteriorate. The Strategy focused on bonds from airports having greater than 350 days of cash on hand at the end of FY19. Of the larger airports that have reported FY20 results, the average number of days of cash on hand increased by 2% over FY19.

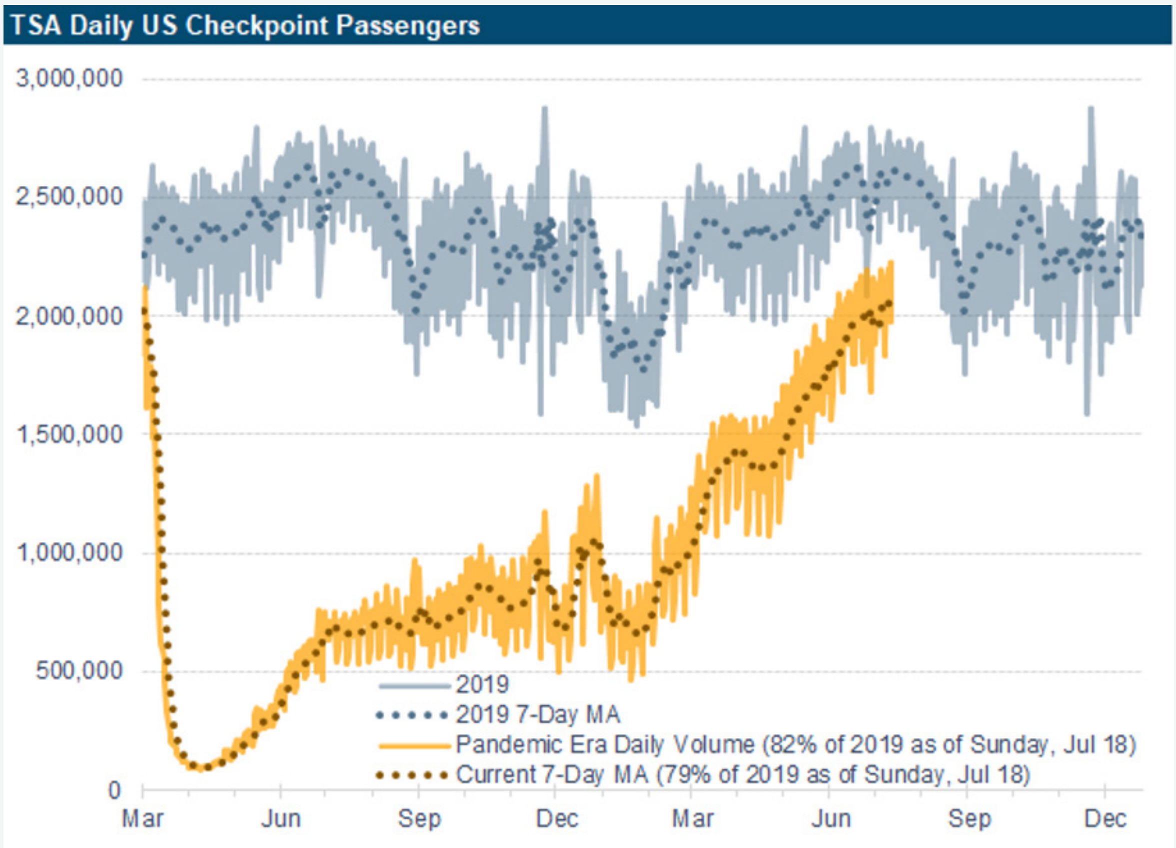
Airport sector bond spreads did widen in 2020 in response to the pandemic (which was negative for the Strategy) but have begun to narrow once again as vaccinations progress and travel begins to recover. It is anticipated that airport passenger count will continue to improve - narrowing the spreads even further. Airline passenger volume for Sunday, July 18, 2021 was the largest since March 8, 2020 and represents nearly 82% of same weekday FY19 volume.

Airport Grants - American Rescue Plan Act of 2021

Airport Name	Code	Total Amount
Hartsfield - Jackson Atlanta International	ATL	$ 369,991,534
Los Angeles International	LAX	$ 303,762,884
Chicago O'Hare International	ORD	$ 288,580,380
Dallas-Fort Worth International	DFW	$ 251,759,196
Denver International	DEN	$ 233,037,814
John F Kennedy International	JFK	$ 217,623,772
San Francisco International	SFO	$ 192,813,293
Seattle-Tacoma International	SEA	$ 175,792,650
McCarran International	LAS	$ 171,342,603
Orlando International	MCO	$ 171,309,787
Charlotte/Douglas International	CLT	$ 168,218,533
Newark Liberty International	EWR	$ 164,022,331
Miami International	MIA	$ 159,986,785
Phoenix Sky Harbor International	PHX	$ 158,028,797
George Bush Intercontinental/Houston	IAH	$ 154,685,263
General Edward Lawrence Logan International	BOS	$ 144,770,429
Minneapolis-St Paul International/Wold-Chamberlain	MSP	$ 134,663,602
Detroit Metropolitan Wayne County	DTW	$ 127,260,408
Fort Lauderdale/Hollywood International	FLL	$ 125,431,260
Philadelphia International	PHL	$ 115,183,066
Laguardia	LGA	$ 107,481,154

Source: CreditSights, FAA. June 22, 2021.

The American Rescue Plan Act of 2021 was supportive of airlines and served as a positive boost to the municipal airport sector. There were fewer downgrades than anticipated, with 88% of bonds in the Airport Index having no rating changes over the past 12 months. Airport municipal bonds in the Strategy continue to be rated A or better by either Moody's, Standard and Poor's or Fitch.



Sources: CreditSights, TSA.gov. Showing current (pandemic era) daily traveler throughput versus the same weekday of 2019, as of Sunday, July 18, 2021.

Contact a member of our Advisor Solutions Team

advisorsolutions@crossmarkglobal.com | 888.845.6910

Crossmark Global Investments, Inc.
15375 Memorial Drive, Suite 200, Houston, TX 77079
888.845.6910 advisorsolutions@crossmarkglobal.com
crossmarkglobal.com