INTERMEDIATE FIXED INCOME

Strategy Profile

Strategy Objective:

Seeks to provide capital preservation, current income and capital appreciation opportunities through investments in intermediate maturity investment-grade bonds

Strategy Snapshot:

Product Inception	01/01/2001
Category	Intermediate-Term

The Crossmark Intermediate Fixed Income Strategy invests in investment-grade corporate, U.S. Government agency, and U.S. Treasury issues with a focus on generating consistent cash flow without excessive credit risk.

The Strategy is an actively managed solution consisting of short-to-medium term bonds with maturities up to a maximum of ten years. In addition to managing credit risk, interest rate risk is addressed by active duration management with the ability to rotate into and out of individual bond issues within the three sectors noted.

Key Benefits

CURRENT INCOME

1

- Direct ownership of the underlying bonds provides income in the form of known, consistent, and defined coupon payments
- Investing in investment-grade corporate bonds helps to provide current income for the strategy without having to add riskier, lower credit quality bonds (such as junk bonds) to the portfolio

ACTIVE MANAGEMENT

2

- Provides duration management/ targeting
- Practices sector rotation based on economic outlook discussed and determined by our Investment Policy Committee
- Practices security rotation based on fundamental analysis from our in-house research team, consisting of our Head of Research, Senior Responsible Investing Specialist, and Research Associate

CONSERVATIVE APPROACH

3

- Executes a core fixed income strategy by investing in U.S. investment-grade corporate issues, U.S. Government agency notes, and U.S. Treasury notes and bonds. This provides a portfolio of quality holdings without taking on additional risks of other fixed income sectors such as high-yield corporate bonds
- Provides diversification, cash flow, and the opportunity to match assets and liabilities, with a focus on reducing credit and interest rate risk

Investment Process

The Strategy takes a conservative approach to fixed income investing by employing a four-step process that seeks to outperform the bond market over a full market cycle, as well as provide positive annual returns.

Duration Selection	• The in-house research team analyzes current economic and market conditions to create an interest rate outlook • Target portfolio duration is selected based on the interest rate projections • Duration targets may be adjusted due to changing market conditions in order to potentially take advantage of interest rate movements
Yield Curve Selection	• Current shape of the yield curve is reviewed and expected changes are plotted • Target issue maturities are selected based on yield curve expectations with a goal of providing the best performance while maintaining duration targets
Sector Selection	• Current and historical sector spreads are reviewed and a sector outlook is created • Sector outlook, combined with in-house research, is used to make two sector decisions - primary and secondary • The primary sector allocations include fixed income sectors like government agencies, corporates, etc. • The secondary sector allocations within the corporate sleeve of the strategy are then selected, such as financials, utilities, etc.
Issue Selection	• Potential issuers are vetted by the research team to determine if they are appropriate for the strategy • An issuer must pass specific screens (such as liquidity and rating) to be included on the recommended issuers list • Issues may be selected for inclusion in the strategy if they are on the research team's recommended issuers list and meet the criteria defined by the first three steps of the investment process

All Investments are subject to risks, including the possible loss of principal. Past performance does not guarantee future results. The Intermediate Fixed Income strategy may not achieve its objective if the managers' expectations regarding particular securities or markets are not met. Fixed income investments generally involve three principal risks—interest rate risk, credit risk, and liquidity risk. Prices of fixed-income securities rise and fall in response to interest rate changes (interest rate risk). Generally, when interest rates rise, prices of fixed-income securities fall. The longer the duration of the security, the more sensitive the security is to this risk. There is also a risk that the issuer of a note or bond will be unable to pay agreed interest payments and may be unable to repay the principal upon maturity (credit risk). Lower-rated bonds, and bonds with longer final maturities, generally have higher credit risks. As interest rates rise and/or the credit risk associated with a particular issuer changes, bonds held within a portfolio may become difficult to liquidate without realizing a loss (liquidity risk).

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