

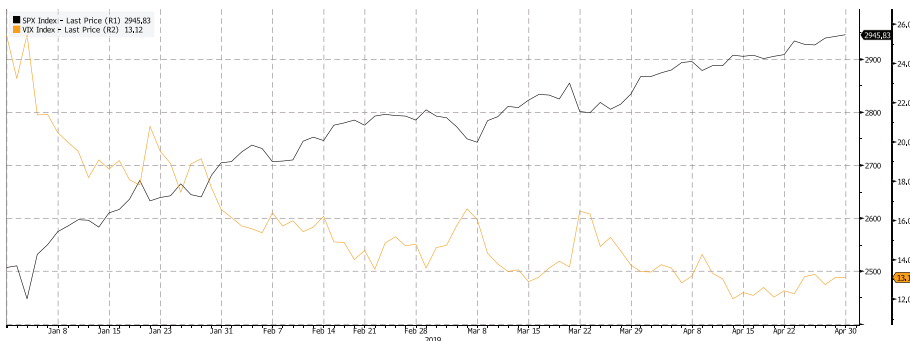
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## Covered Call Income: April in Review

U.S. stocks have now recovered from their late December 2018 bottom in a sharp V-shaped move. Several key points played an important role with the markets at or near all-time highs. Earnings season has been well-received with a majority of companies beating estimates. The Federal Reserve seems likely to hold interest rates steady at its next meeting and with the markets pricing in the next move being a rate cut, monetary policy now looks to have turned from a headwind to a tailwind. Another additional factor that has played a part in the markets rally is the rebound in the China and recent stimulus efforts that has boosted the Chinese economy. The economy here in the U.S. has seen some positive growth as retail sales remain strong and unemployment claims continued their downward path. The weakness in the economy to start the year was mainly attributed to the shutdown of the government.

Trade uncertainty between the U.S. and China continues to hover in the background. With each passing week there is talk of a potential imminent trade deal but nothing has evolved just yet. Playing the waiting game can create quite a bit of uncertainty with so many different outcomes of a deal still possible. Whatever happens will most certainly result in added volatility. The old adage of sell in May and go away will more than likely not come into play this year.

### S&P 500 vs VIX



Source: Bloomberg

The month of April was another positive month for the start of 2019 as markets continued to move higher. With all of the issues we discussed surrounding the markets, being prepared for volatility to make another comeback is a key aspect in regards to the Crossmark Covered Call Income strategy. The Crossmark trading team will continue to monitor volatility with the intent of strategically placing option trades in order to maximize income as well as capturing as much upside in the markets as possible.

## About Covered Call Income

Covered Call Income strategy is designed for investors who want equity market participation with enhanced income potential. This approach is appropriate for investors looking for higher yields, capital appreciation and reduced risk levels.

Writing calls on securities held in the portfolio maximizes the gains that can be realized if the price of a stock increases. Investing in equity securities involves market risk, including the possible loss of principal.

### Expiration Calendar as of April 30, 2019

Month	Date	Number of Options
May	5/17/19	10
June	6/21/19	12
July	7/19/19	6

## Tools of the Trade – Option Rolls

An option roll consists of closing out a current option and opening a new option position. The roll may generate additional premium, cost money, or have no net cash flow. The following table illustrates the new option position with respect to the previous option:

Action:	Strike Price	Expiration Date
Roll Up	Higher	Unchanged
Roll Down	Lower	Unchanged
Roll In	Unchanged	Shorter
Roll Out	Unchanged	Longer

These option rolls can be combined. For example, an option may be rolled down and in or up and out by changing both the expiration date and strike price.

# Covered Call Income Got it Covered

## Our Firm

Crossmark Global Investments is an innovative investment management firm. We provide a full suite of investment management solutions to institutional investors, financial advisors and the clients they serve. We have a multi-decade legacy of specializing in values based investment strategies for clients. Founded in 1987, the firm is headquartered in Houston, Texas.

## Contact a member of our Advisor Solutions Team

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**Crossmark Global Investments, Inc. (Crossmark)** is an investment adviser registered with the Securities and Exchange Commission that provides discretionary investment management services to mutual funds, institutions, and individual clients. Investment advice can be provided only after the delivery of Crossmark's firm Brochure and Brochure Supplement (Form ADV Parts 2A and 2B) and once a properly executed investment advisory agreement has been entered into by the client.

Information and recommendations contained in market commentaries and writings are of a general nature and are not intended to be construed as investment, tax or legal advice. These materials reflect the opinion of Crossmark on the date of production and are subject to change at any time without notice. Where data is presented that was prepared by third parties, the source of the data will be cited, and we have determined these sources to be generally reliable. However, Crossmark does not warrant the accuracy of the information presented.

All investments are subject to risk, including the possible loss of principal. Past performance does not guarantee future results.

Options are not suitable for every investor. Writing call options to generate income and to potentially hedge against market declines by generating option premiums involves risk. These risks include, but are not limited to, potential losses if equity markets or an individual equity security do not move as expected, and the potential for greater losses than if these techniques had not been used. If the market price of a security increases, a call option written against that security limits the gain that can be realized. And, there are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives.

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## Expiration Summary

### Called Away and Repurchased

- All State Corp. ( ALL )
- Exxon Mobil Corp. ( XOM )
- Exelon Corp. ( EXC )
- Lowes Companies ( LOW )
- Microsoft Corp. ( MSFT )
- PayPal Holdings, Inc. ( PYPL )

### Called Away and Replaced

- Visa, Inc. ( V ) replaced with Qualcomm Inc. ( QCOM )

### Rolled and Collected

- Nike, Inc. ( NKE )

### Expired Worthless and Sold/Replaced

- Walgreens Boots ( WBA ) replaced with AT&T Inc. ( T )

## Top 10 Model Holdings <sup>1</sup>

United Technologies Corp.  
Nike, Inc.  
Microsoft Corp.  
Qualcomm, Inc.  
Intel Corp.  
Exelon Corp.  
Coca Cola Co.  
Discover Financial Services  
Exxon Mobil Corp.  
Abbott Labs

% of Total Portfolio: 34%

<sup>1</sup> Model Portfolios are based on a hypothetical account managed during the current quarter. Actual characteristics and income may differ materially from model. As of 4/30/2019.

Not FDIC Insured - No Bank Guarantee - May Lose Value