

## CORE FIXED INCOME

Core Fixed Income is a separately managed account investment strategy

### Fact Sheet – 12/31/2019

All data below is current as of 12/31/2019 unless otherwise specified.



### Morningstar Rating™



OVERALL

Overall rating in the Intermediate Core Bond category as of 12/31/2019.

### Composite Trailing Returns – 10 Years <sup>1</sup>

	1-Year	3-Years	5-Years	7-Years	10-Years	4Q19 YTD	12/31/19
<b>Gross</b>	8.27%	3.73%	3.04%	2.63%	3.75%	1.00%	8.27%
<b>Net</b>	5.11%	0.69%	0.01%	-0.40%	0.71%	0.25%	5.11%
<b>Barclays Capital Gov/Credit</b>	9.71%	4.35%	3.23%	2.81%	3.96%	-0.01%	9.71%

### Model Maturity Distribution <sup>2</sup>

	Core Fixed Income	Barclays Capital Gov/Credit
<b>Less than 1 Year</b>	8.64%	1.00%
<b>1 - 5 Years</b>	56.79%	48.28%
<b>5 - 10 Years</b>	20.63%	25.37%
<b>Over 10 Years</b>	13.94%	25.34%

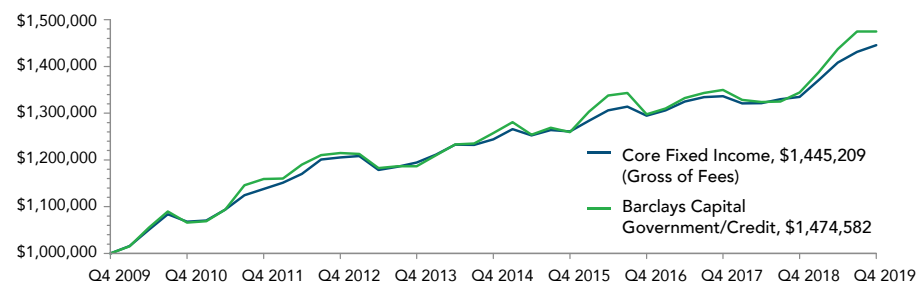
### Model Sector Weightings <sup>2</sup>

	Core Fixed Income	Barclays Capital Gov/Credit
<b>Agencies</b>	24.58%	3.47%
<b>Financials</b>	22.51%	11.25%
<b>Industrials</b>	30.60%	21.82%
<b>Non-Corporates</b>	0.00%	4.67%
<b>Short-Term</b>	1.48%	0.00%
<b>U.S. Governments</b>	16.96%	56.16%
<b>Utilities</b>	3.86%	2.64%

### Composite Calendar Year Returns – 10 Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Gross</b>	6.80%	6.58%	5.92%	-0.87%	4.12%	1.34%	2.69%	3.23%	-0.13%	8.27%
<b>Net</b>	3.69%	3.46%	2.83%	-3.81%	1.07%	-1.65%	-0.33%	0.20%	-3.08%	5.11%
<b>Barclays Capital Gov/Credit</b>	6.59%	8.74%	4.82%	-2.35%	6.01%	0.15%	3.05%	4.00%	-0.42%	9.71%

### Composite Growth of \$1 Million – 10 Years <sup>3</sup>



<sup>1</sup>Returns greater than one year are annualized.

<sup>2</sup>Model Portfolios are based on a hypothetical account managed during the current quarter. Actual characteristics and income may differ materially from model.

<sup>3</sup>Source: Zephyr StyleADVISOR.

<sup>4</sup>Yield to Effective Maturity

<sup>5</sup>Yield to Worst

The current quarter's data is preliminary. Net performance was calculated using the hypothetical highest annual all-inclusive wrap fee of 3% applied quarterly.

### Strategy Objective:

The Crossmark Core Fixed Income strategy seeks active duration management and the selective rotation of market sectors and the securities within those sectors.

- High Quality Securities
- Active Duration Management
- Selective Sector Rotation
- Selective Security Rotation
- Intermediate-Maturity

### Model Portfolio Characteristics <sup>2</sup>

	Core Fixed Income	Barclays Capital Gov/Credit
<b>Yield To Maturity</b>	2.09% <sup>4</sup>	2.23% <sup>5</sup>
<b>Duration</b>	4.29	6.82
<b>Years To Maturity</b>	5.10	9.43
<b>Current Yield</b>	3.27%	2.84%
<b>Average Coupon</b>	3.53%	3.02%
<b>Average Price</b>	\$ 106.32	\$ 106.22
<b># of holdings</b>	40	7,396

### Top 10 Model Issuers <sup>2</sup>

U.S. Treasury Notes  
 Federal National Mortgage Association  
 Federal Home Loan Mortgage Corp.  
 AT&T, Inc.  
 Abbvie, Inc.  
 American Express  
 Citigroup, Inc.  
 Metlife, Inc.  
 Goldman Sachs Group  
 Qualcomm, Inc.

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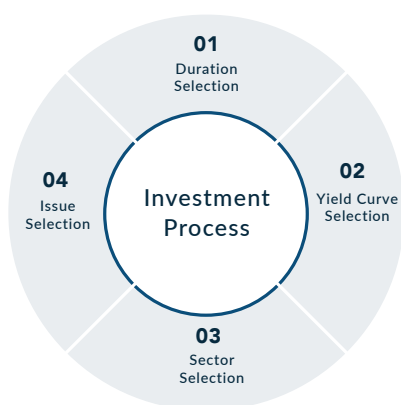
### Model Current Yield <sup>1</sup>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	4Q19
<b>Core Fixed Income</b>	4.21%	4.00%	3.59%	3.56%	3.67%	3.50%	3.59%	3.39%	3.21%	3.31%	3.27%
<b>Barclays Capital Gov/Credit</b>	4.11%	3.63%	3.29%	2.92%	2.96%	2.87%	2.90%	2.82%	2.78%	3.04%	2.84%

<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.

### Investment Process

The Strategy employs a four-step process that seeks to outperform the bond market over a market cycle while providing positive returns on an annual basis.



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Crossmark Core Fixed Income Wrap Composite contains fully discretionary wrap fixed income accounts. Core Fixed Income portfolios are invested in bonds of primarily intermediate maturity to provide high income and preservation of capital. The composite excludes portfolios for which the clients have imposed restrictions or requirements that impede the manager from fully executing their strategy such that the results will not be representative of the strategy. For comparison purposes the composite is measured against Barclays Capital Government/Credit Bond Index. The Barclays Capital U.S. Government/Credit Bond Index measures the performance of investments grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year.

The U.S. Dollar is the currency used to express performance. The performance reflects the reinvestment of dividends and other earnings to the extent that client accounts included in the composite elected to reinvest dividends and earnings. Performance figures shown gross of fees do not reflect the payment of investment advisory fees.

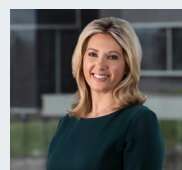
**Past performance is not an indicator of future results. Investments made using this strategy involve risk of loss, including the potential loss of principal. The principal risks associated with the Core Fixed Income investment strategy are credit risk (the risk that an issuer will be unable to pay the principal and interest due), interest rate risk (the risk that the value of a particular bond will fluctuate as market interest rates fluctuate), liquidity risk (the risk that the trading market for a particular bond is reduced), and duration risk (interest rate risk over time).**

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**Global Investment Performance Standards**

### Our Firm:

Crossmark Global Investments is a boutique investment management firm that provides a full suite of investment strategies to institutional investors, financial advisors, and the clients they serve. For over 30 years we have delivered uniquely-constructed products based on our proprietary, disciplined, and repeatable process. We are especially known for helping our clients align their investments with their values by creating socially-conscious, responsible investment strategies. Founded in 1987, we are headquartered in Houston, Texas and manage approximately \$5.1 billion in AUM as of December 31, 2019.



**VICTORIA FERNANDEZ, CFA®**  
Chief Market Strategist

25 years of experience.

Supported by the entire Crossmark Global Investments team.

### Morningstar Rating™

★★★	OVERALL
★★★★	3 YEAR
★★★	5 YEAR
★★★	10 YEAR

Overall, 3 Year, 5 Year, and 10 Year rating in the Intermediate Core Bond category as of 12/31/2019.

The Morningstar Rating™ or “star rating”, is calculated for separate accounts with at least a three-year history. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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