

# CORPORATE FIXED INCOME

## Strategy Profile

### Strategy Objective:

Seeks current income with reduced credit risk by investing in high quality corporate securities

### Strategy Snapshot:

**Product Inception** 01/01/2008  
**Category** Intermediate Core Bond

Crossmark's Corporate Fixed Income Strategy seeks to outperform the bond market over a market cycle by investing in investment-grade corporate bonds. The Strategy focuses on high quality, intermediate-maturity securities, active duration management, and selective security rotation with an emphasis on income generation.

Based on market conditions, the Strategy may invest in short-term cash alternatives for liquidity purposes.

## Key Benefits

### CURRENT INCOME



- 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



- Provides duration management/targeting
- Practices security rotation based on fundamental analysis from our in-house research team

### CONSERVATIVE APPROACH



- Executes a fixed income strategy by investing in U.S. investment-grade corporate issues without taking on additional risks such as high-yield corporate bonds
- Provides cash flow and the opportunity to match assets and liabilities, with a focus on reducing credit and interest rate risk

## 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.

<b>Duration Selection</b>	<ul style="list-style-type: none"> <li>• The in-house research team analyzes current economic and market conditions to create an interest rate outlook</li> <li>• Target portfolio duration is selected based on the interest rate projections</li> <li>• Duration targets may be adjusted due to changing market conditions in order to potentially take advantage of interest rate movements</li> </ul>
<b>Yield Curve Selection</b>	<ul style="list-style-type: none"> <li>• Current shape of the yield curve is reviewed and expected changes are plotted</li> <li>• Target issue maturities are selected based on yield curve expectations with a goal of providing the best performance while maintaining duration targets</li> </ul>
<b>Sector Selection</b>	<ul style="list-style-type: none"> <li>• Current and historical sector spreads are reviewed and a sector outlook is created</li> <li>• Sector outlook, combined with in-house research, is used to make sector allocation decisions within the corporate sleeve of the strategy, such as financials, utilities, etc.</li> </ul>
<b>Issue Selection</b>	<ul style="list-style-type: none"> <li>• Potential issuers are vetted by the research team to determine if they are appropriate for the strategy</li> <li>• An issuer must pass specific screens (such as liquidity and rating) to be included on the recommended issuers list</li> <li>• 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</li> </ul>

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