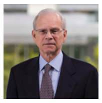
CROSSMARK
GLOBAL INVESTMENTS

SMA STRATEGY COMMENTARIES 4Q 2020

ECONOMIC & MARKET
Commentary



written by
Mel Cody, Sr. Portfolio Manager

Is Bad News Still Good News for Markets?
All of us are hopeful that, with 2020 finally behind us, we can look forward to a better and healthier new year. There are several COVID-19 vaccines either in use or in the works, so it is possible we will be able to return to a mostly mask-free world in a few months. We also hope to get back to the restaurants, concerts, and sports events we missed out on for most of last year. Due to the pandemic, the worldwide economy lost about $10 trillion in GDP, according to estimates. However, despite the disruption in 2020, financial markets did extremely well, helped along by a very easy Federal Reserve and billions of dollars of added liquidity. Both the Fed and Washington D.C. made it clear they would do whatever was necessary to boost the economy and markets. So the Fed brought rates down to near zero, while Washington passed a $2.2 trillion stimulus to boost the economy, and another stimulus is expected. Even though 2020 turned out to be one of those perverse years where bad news was good news, will that trend continue?

A Quick End to the Big Bull
Last year the S&P 500 Index experienced its fastest drop to a bear market ever, falling more than 35% from 3,394 in February to 2,192 by March 23, and ending the longest bull market in history. Amazingly, the S&P 500 closed out 2020 at an all-time high of 3,756, a rebound of about 71% from the low! The message here is "don't fight the Fed." In the U.S., large-cap and growth stocks led the way until the last third of the year. Then small-caps and value stocks began to come on strong, with the Russell 2000 soaring over 100% from its March 2020 low. International markets also did well. The MSCI World Index (ex-USA) closed the year near a new high, up about 61% from its low last March, while the MSCI Emerging Markets Index jumped about 70% from its low to a new all-time high, boosted by recent weakness in the U.S. dollar.

Poised for a Rebound in 2021?
The economy took an enormous hit in 2020 but appears to be coming back nicely. However, we do expect some pullbacks along the way, especially given the unpredictability of COVID-19. The recently released December ISM Manufacturing Index rose to 60.7, above expectations of 56.8 and above November's 57.5 result. A reading of greater than 50 indicates an expanding economy. New orders improved to 67.9, compared to 65.1 in November. This matched the October result (the highest reading since January 2004) despite the recent surge in COVID-19 cases. The increase was broad with 16 of 18 industries reporting expansion. Keep in mind that the expansion is resuming from a lower level of output than before the pandemic. According the Federal Reserve, manufacturing output is currently about 3.8%

ECONOMIC & MARKET
Commentary (continued)

below its pre-pandemic level. The ISM Services Index also showed surprising strength, with a December reading of 57.2, up from 55.9 in November. The new orders component rose from 57.2 to 58.5. Both the service and manufacturing indexes were boosted by disruptions to supply chains.

Auto sales are also beginning to rebound from a dismal first half of 2020. For the full year, sales are now expected to reach 14.4 million to 14.6 million units, down about 15% from last year and the lowest level since 2012. However, earlier estimates were for 13 million or less, so conditions in the second half of the year definitely improved. Record low interest rates, along with stimulus payments, helped spur demand. The pandemic-induced desire for personal transportation (as opposed to mass transit or ride sharing services) also contributed. Product shortages boosted the average price per vehicle from $34,000 in early 2020 to $38,000 at year-end. For 2021, IHS Markit expects sales to increase to 16 million units. Used car sales have come on strong, benefitting from shortages of new cars due to COVID-driven shutdowns of manufacturing facilities. According to General Motors, Americans are once again buying vehicles at pre-pandemic levels.

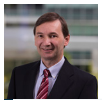
A Good News, Bad News Employment Picture
Employment statistics showed a mixed bag in December. Non-farm payrolls fell 140,000 for the month versus a consensus expectation of a 50,000 gain. Unsurprisingly, the hospitality and leisure industry was responsible for most of the job losses, losing 498,000 positions as restrictions were recently reimposed on bars and restaurants. However, the level of permanent job losses fell for December and less "virus sensitive" industries saw gains for the period. The unemployment rate held steady at 6.7%. We look for GDP to rebound from last year's decline and grow 4% to 5% in 2021, as the vaccination rate grows and businesses bounce back. Low interest rates and more government stimulus should help.

Of course, corporate earnings have not escaped the impact from COVID-19. S&P 500 earnings are expected to decline about 13.7% for 2020, according to analysts. This represents the largest downturn since the 25.5% decline for 2008. The fourth quarter expectation is for a decline of 9.7%. This would be an improvement from the September 30 projection of a 12.8% drop, so the outlook is improving. More good news - per FactSet, 2021 earnings are expected to increase 22.1%. This should be broad-based as well, with all 11 sectors projected to show gains led by Energy, Industrials and Consumer Discretionary. Additionally, revenues for S&P 500 companies are expected to show a solid increase of 7.9% in 2021.

Valuations and Looking Ahead
Stocks have had quite a run since the March bottom, with multiple indexes hitting new all-time highs. Markets are "in gear" but valuations have gotten stretched. The S&P 500 finished the year with a P/E of 22.1, according to FactSet. That is certainly not cheap, but is it a reasonable valuation? Given the high degree of COVID uncertainty, we would normally expect a bit of a "valuation haircut." However, the Federal Reserve has made it clear it will do whatever it takes to support the economy. And as noted earlier, the operative phrase is "don't fight the Fed." Washington D.C. is on board, as well. With low inflation, low interest rates and an accommodative Fed, we have hit the "trifecta" of stock valuation and this could push P/E ratios into the mid-20s or even higher. On the flip side, we have come very far, very fast and are now in an overbought situation. Market sentiment has also gotten very bullish, which is considered a negative. And the recent number of new IPOs and SPACs is flashing a warning light that things are getting excessive. Bottom line - we think we are in a strong bull market, but after this run the bull may need to charge its batteries for a time before resuming its move to the upside.

GLOBAL EQUITY INCOME
Commentary

Global Equity Income is a separately managed account investment strategy



written by
John Wolf, Managing Director

Overall, global equity markets again posted significant increases in total return for the fourth quarter. The Global Equity Income benchmarks (the S&P Global 1200 Index and the S&P 500 Index) ended the quarter with returns of +14.20% and +12.15%, respectively. For global dividend index comparison purposes, the MSCI World High Dividend Yield Index returned +11.64%. The Global Equity Income strategy model outperformed both the S&P Global 1200 Index and the MSCI World High Dividend Yield Index for the fourth quarter.

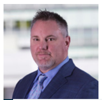
Allocation and Performance Attribution
The allocation for the strategy at the end of the period was 63% U.S. and 37% international. Positive relative performance for the quarter was led by United Microelectronics Corp., +76%. The Taiwan-based semiconductor foundry business beat third quarter expectations with sales hitting a new high. Revenue for October and November posted solid year-over-year growth of 4.8% and 6.0%, respectively. The company also settled a business espionage lawsuit with Micron through a plea bargain for an amount much lower than previously predicted. This favorable development removed the uncertainty hanging over the company. Shares of Banco Santander (Brazil) S.S., +76% rebounded sharply during the quarter after experiencing a sharp COVID-related drop early in the year. Third quarter net profit came in materially higher than consensus estimates. Lower than expected provisioning expenses (comparable to pre-crisis levels) is providing visibility to asset quality with loans beginning to return to normal payment schedules. In addition, loan growth momentum continued into the third quarter. Taiwan Semiconductor Manufacturing Co., Ltd., +35% continued its upward momentum from the previous quarter. Shares climbed after the company reported third quarter results that beat expectations and earnings again hit a new high. Although the company's sales guidance for the fourth quarter was for flat to slight growth, fiscal year sales were projected to increase by 30%. This has substantially exceeded all of the company's previous long-term growth targets.

Negative contributors to relative performance included McDonald's Corp., -2%. Shares fell despite stronger than expected third quarter results. Another wave of global pandemic-related slowdowns is expected to impact the company, as 63% of its revenue is generated from international markets. Despite the hard hit that the restaurant industry has endured during the year, McDonald's remains well positioned, with approximately 70% of revenue coming from drive-thru sales. The company also raised its dividend for the 44th consecutive year. Intel Corp., -3% continued its decline as the company reported third quarter earnings that were slightly above consensus estimates, but below those of some of the more bullish analysts. No update on the previously reported six month production delay of 7 nanometer CPUs was given - this continues to impact future projections due to the uncertainty. However, the company remains a leader in semiconductor technology with significant barriers to entry for competitors, which should help it retain market share. Performance can also be affected by the faith-based values investment policies which avoid investments in companies whose primary business is associated with alcohol, tobacco products, life ethics, gambling and adult entertainment. For the fourth quarter, the faith-based investment policies had a slight positive impact on performance.

Looking Ahead into 2021
With vaccine distribution for COVID-19 underway, the end of the pandemic is now (hopefully) in sight. Global monetary stimulus should remain aggressive for the foreseeable future and unemployment should drop as business operations begin to normalize. Consumer discretionary and industrial sectors are forecast to have the highest earnings growth in 2021, with technology participating at a lower level. The dividend stocks of the Global Equity Income Strategy should benefit as value-style equities shift into favor in the post-pandemic environment.

COVERED CALL INCOME
Commentary

Covered Call Income is a separately managed account investment strategy



written by
Paul Townsen, Managing Director

December Does Not Disappoint
The COVID-19 vaccine rollout is underway with the early results being positive and equity benchmarks are still at or near all-time highs. Even without the recent election and ongoing pandemic, this performance is not a total surprise, as the fourth quarter has generally proven to be the best performing of the year. And don't forget - talk of additional stimulus for taxpayers has resumed in Congress.

CCI Records Strong Outperformance
The Covered Call Income Strategy had an impressive quarter, not only outperforming its primary benchmark (the CBOE S&P 500 BuyWrite Index) by a wide margin, but also outperforming the S&P 500 Index. Similar to November, the upward bias of markets kept a lid on volatility and the VIX Index settled into a very tight trading range between 21 and 24. Nonetheless, the Covered Call Income team was able to work with this slightly reduced volatility, collecting dividends while harvesting attractive premiums from the call option overlay. At this point, our strategy is to remain short in duration with the option overlay written on strikes 1-3 months out. However, as more information becomes available about the plans of the new administration, we will certainly consider extending our option exposure for increased premiums.

The Strategy had positive contributions to return from the Energy, Financial, and Industrial sectors, while having slight negative contributions from Communication Services and Consumer Discretionary. The Covered Call Income Strategy tries to keep a sector-neutral approach to the S&P 500 sectors. Several of our leading contributors to the quarterly outperformance were Chevron and Valero Energy (energy sector), Capital One and Morgan Stanley (financials) and Applied Materials, Microchip Technologies and Micron Technology in the technology sector. New positions added to the portfolio during the quarter were in Bank of America, DR Horton, and Phillips 66.

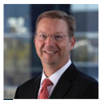
Looking ahead in 2021
As we look ahead into the new year, there are still several issues remaining with the potential to move markets, including:

- Policy uncertainty that generally boosts volatility (good for the CCI strategy)
- Higher taxes (potentially encouraging corporate investment)
- Tax increases (historically not correlated to poor returns)
- Rebounding earnings forecasts (which could support a further rally)
- Rising home prices (helping homebuilding and consumer discretionary stocks)
- Bullish calls on financial stocks (P/E and P/B ratios are at the low end of historical ranges)

The Crossmark trading team will continue to monitor volatility with the intent to strategically execute option trades in order to maximize income and reduce as much market risk as possible.

LARGE CAP CORE GROWTH
Commentary

Large Cap Core Growth is a separately managed account investment strategy



written by
Brent Lium, CFA® Managing Director

In the fourth quarter of 2020, the upward march of the S&P 500 Index showed no signs of slowing down. With a return of 12.14%, the Index blew past its outstanding result from the previous quarter by almost 2.5%. Clearly, the removal of election uncertainty, combined with the accelerating rollout of the COVID-19 vaccines has given investors increased visibility into the likely direction of future economic activity and corporate earnings. Our Large Cap Core Growth strategy also had a strong quarter, returning 9.69% as our continued focus on high quality companies with long term growth potential was rewarded.

How We Did It

In the fourth quarter, our best performers were Charles Schwab, JP Morgan Chase and Honeywell. One year ago, markets began to accept the idea of interest rates gradually moving higher to reflect the Fed's continued unwinding of liquidity programs, combined with historically low unemployment. Of course, then the pandemic put the brakes on everything, and global central banks resumed aggressive easing to counter the sharp drop in economic activity. Now, we are beginning to see rates slowly trend upward, and this is wonderful news for financials. The shares of both Schwab and Chase surged (by 47% and 33.2%, respectively) on the prospect of higher rates and its impact on profitability. Charles Schwab has already beat earnings estimates for two successive quarters, and expectations are for another strong result in the last quarter. JP Morgan Chase has also exceeded estimates in the second and third quarters, with analysts in agreement that the fourth quarter will be strong. Honeywell had surprisingly good earnings in the third quarter, and all three companies are benefitting from a rotation to value.

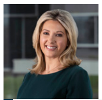
Underperformers included Amgen (down 8.9%), S&P Global (down 8.7%) and American Tower (down 6.6%). Amgen stock suffered from poor results in a asthma drug trial. American Tower dropped over concerns about the T-Mobile and Sprint merger, while S&P Global experienced a retrenchment after an extended run. In an about-face from the previous quarter, our lack of energy exposure cost 32 basis points in return, and our underweight in financials cost an additional 41 basis points for the quarter.

Looking Ahead

In the last quarter, we were not surprised to see previously high-flying stocks give back some ground as the market rotated to the companies most beaten up in the pandemic (hence the earlier comments on the value sector). On the trading front, it was a quiet quarter. The fallout from the election (and the uncertainty over what would and wouldn't happen) created a great deal of possible, disparate outcomes. There was also the arrival and rollout of vaccines and end-of-year tax positioning. Given all of these issues, we didn't make any changes to the portfolio during the quarter, preferring to hold current names.

TAXABLE FIXED INCOME
Commentary

Core Fixed Income, Current Income Portfolio, Intermediate Fixed Income and Income Opportunities are separately managed account investment strategies



written by
Victoria Fernandez, CFA® Chief Market Strategist

Are Higher Rates Imminent?
As we entered 2020, we at Crossmark were anticipating U.S. interest rates to trend higher. Unemployment was at a record low, consumer confidence was strong, wages were growing and there was even some progress on trade. Then the pandemic exploded in the first quarter, stopping the long expansion in its tracks and forcing global central banks to revert to zero interest rate policy and its associated easing programs. So like for many others, our original expectation was not realized.

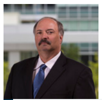
A Strong Fourth Quarter Performance
Due to our ongoing analyses of market behavior during the pandemic, we deemed it prudent to keep durations short in our taxable fixed income strategies as compared to the comparable indices. This reduced our interest rate risk but also limited our upside movement in prices as yields plummeted to all-time lows in August. However, during the fourth quarter, we began to see the tide shift. Ten-year Treasury yields moved higher by 23 basis points, which benefitted our duration positioning strategies. Ratios in the market with strong correlations to yields (like copper/gold or cyclicals/defensives) signaled yields should be much higher. As such, our taxable fixed income strategies almost all out-performed the comparable indices, with the largest positive contributor being our allocation and duration decisions. We were overweight corporates (to generate income) and underweight Treasuries. Our duration is shorter than the index to reduce interest rate sensitivity during a rising rate environment. The strategies holding fixed-rate preferreds (including the Current Income Portfolio and Income Opportunities strategies) benefited from it being the best performing sector for the quarter.

Credit Spreads Begin To Normalize
The Fed liquidity programs seem to have helped push credit spreads back to pre-pandemic levels. We are closely monitoring both the spreads and quality of any new purchases - continuing our focus on high quality, liquid corporate bonds. With additional stimulus in our future, we anticipate spreads holding or moving slightly tighter over the next quarter as a risk-on sentiment takes hold in the markets. With the 10-year Note closing above 1.0%, momentum suggests the trend continues higher and a new trading range is established between 0.95% and 1.15%. As such, we are working to extend duration closer to neutral (compared to the comparable indices) as yields move closer to resistance levels around 1.20%. Given our new duration positioning, we are allowing bonds to mature or be called, then reinvesting slightly further out the yield curve to obtain higher yields than we have seen over the past few quarters.

Looking Ahead
We believe the interest rate tide is beginning to turn. With some of the major uncertainties diminishing, we see the potential for a pickup in economic activity in 2021. This will be partly due to increasing confidence as the vaccine rollout continues, but also because of the likelihood of additional, substantial stimulus measures pushed by the new administration. With this outlook, we will continue to extend duration closer to index neutral to pick up some yield, but remain reasonably short given our new trading range expectation that we discussed last month.

MUNICIPAL FIXED INCOME
Commentary

Municipal Fixed Income is a separately managed account investment strategy



written by
Patrick Garboden, Sr. Portfolio Manager

Now Looking Ahead
As noted in the last quarterly commentary, the Municipal Fixed Income SMA program is working to provide readers with both insight into the reasons behind historical events, and some visibility into possible future events impacting the strategy.

Municipal bonds began 2020 at very pricey levels, but the outbreak of COVID-19 halted the rally and brought prices down rapidly in March and April, creating a remarkable opportunity for value. We took full advantage of the short-lived sale on munis - using cash and deposits to extend duration on the purchases. Simply put, we were buying heavily while others were selling.

Deficits Less Severe than Feared
Last spring, economists predicted the pandemic-related economic devastation would significantly reduce state and local government tax receipts, causing budget shortfalls of $300 billion to $400 billion over the next two years. Surprisingly, deficits in the year ended June 30 were only about $30 billion above pre-pandemic projections, and deficits in the current year are likely to be in the same range, according to a Dec. 14 report by Capital Economics Senior U.S. Economist Andrew Hunter. While state expenses (like Medicaid) have risen, overall budget shortfalls look to be manageable in light of working vaccines.

California said the state budget was poised to gain a windfall of roughly $26 billion, while New York and Connecticut revealed tax revenue was still strong, thanks in part to the booming stock market. While many states and cities are still facing large deficits, they are just not as big as initially feared. Of course, the spike in COVID-19 cases could trigger more shutdowns, potentially reversing the nascent recovery that local governments have seen so far. Most of California ended 2020 back under a stay-at-home order, and New York could be headed toward a shutdown. Because of the lag in collecting taxes, states historically struggle with big deficits well after recessions end, or in the current environment, after the COVID surge is over.

Be Careful What You Wish For - PM Comments
The following insights and comments are those of the Municipal Fixed Income Portfolio Manager and may not align with Crossmark Global Investments or the views of other investment firms. There are no explicit or implied guarantees or assurances that any insights into the future could become fact.

- Watch Volatility (which could spike)

Concerns ranging from election results, COVID-19, high unemployment, and revenue/earnings surprises could convince retail muni investors to initially buy in anticipation of higher taxation, then sell if tax changes do not materialize. Also, increasing commodity prices (from a falling dollar) and declining state/local credit ratings could boost interest rates even as the Fed holds short-term rates low.

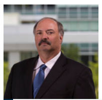
- Bid/Ask Spreads Could Narrow but Then Widen Again

Increasing supply issued into strong near-term demand (on fears of higher taxation) could maintain bids while ask prices increase. If demand levels off and interest rates begin to climb on credit rating downgrades, spreads could widen later in the year.

- Duration Could Be Forced Longer

MUNICIPAL FIXED INCOME
Commentary (continued)

Municipal Fixed Income is a separately managed account investment strategy



written by
Patrick Garboden, Sr. Portfolio Manager

Even with short-term rates bottoming near historical lows, and the Fed committed to keeping these rates near zero, municipalities could extend duration to take advantage, adding to investor risk.

- New Issuance Could Exceed Demand

New 2021 issuance may exceed 2020 volume. With interest rates so low, underwriters are feverishly pushing states and municipalities to sell as much debt as possible to lock in these rates long-term. Taxable municipal bond issuance should also continue to increase, especially if the incoming administration reverses the advance refunding disallowance.

- Credit Downgrades Could Exceed Upgrades

The trend of negative watch for credit rating downgrades (since March 2020) could accelerate along with actual downgrades. The next round of downgrades will likely impact localities and states the most until revenues rebound. Investors may have forgotten there has been nearly a decade of more upgrades than downgrades as municipalities improved their financials.

Credit deterioration likely will vary by sector, with transportation, tourist and sales tax-reliant credits seeing some of the greatest negative effects, followed by health-related services, smaller private higher education, and certain general governments.

- Individual municipal bond mutual funds or exchange-traded fund owners could sell

The news flow could cause investors to rethink their exposure, possibly selling their positions and adding to supply in secondary markets. Individual muni mutual fund shareholders tend to be momentum-driven, so when prices rise they create positive inflows but when prices decline they tend to liquidate.

- There May Be Opportunities to Purchase High Quality Bonds at a Discount

The recent election, volatility, supply/demand, credit rating changes and a host of other potential disruptive news could result in a dislocation of the municipal bond sector from other fixed income sectors (similar to what was witnessed in March 2020). If this occurs, the event may not be as severe as what happened last spring. We will be watching for these opportunities and plan to take advantage and extend duration with high quality municipal bonds.

Opportunity Still Exists
Crossmark Global Investments continues to find value in the municipal secondary market with bonds rated single-A or better by Moody's or Standard & Poor's (at the time of purchase) involved with essential services like water, sewer, power, highways, public school education and general obligations. The ideal maturities on the yield curve have moved to the 8 to 20 year range with a call feature between 2024 and 2027. Crossmark Global Investments limits maturities to 20 years. Crossmark Global Investments continues to hold a shorter duration than the Barclay's Quality Intermediate Municipal Index with a focus on higher quality municipalities. We will continue to use municipal bond market volatility to opportunistically manage the portfolios entrusted to us.

Global Equity Income Top 10 Model Holdings [1]

Taiwan Semiconductor Mfg Co.
United Microelectronics Corp.
McDonald's Corp.
Infosys Technologies Ltd
Texas Instruments, Inc.
Eli, Lilly & Company
Comcast Corp.
Pepsico, Inc.
NetApp, Inc.
Analog Devices, Inc.

% of Total Portfolio: 24%

Covered Call Income Top 10 Model Holdings [1]

Micron Technology, Inc.
Medtronic PLC
Applied Materials, Inc.
Abbott Labs
Oracle Systems Corp.
Starbucks Corp.
Capital One Financial Corp.
DuPont de Nemours, Inc.
Nike, Inc.
Activision Blizzard, Inc.

% of Total Portfolio: 37%

Large Cap Core Growth Top 10 Model Holdings [1]

Apple, Inc.
Microsoft Corp.
Amazon.com, Inc.
Alphabet Class C
Mastercard, Inc.
UnitedHealth Group, Inc.
Nike, Inc.
JP Morgan Chase & Co.
Honeywell International, Inc.
Abbott Labs

% of Total Portfolio: 47%

[1] Model Portfolios are based on a hypothetical account managed during the current quarter. Actual characteristics and income may differ materially from model. As of 12/31/2020.

Contact a member of our Advisor Solutions Team

advisorsolutions@crossmarkglobal.com | 888-845-6910

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. 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. 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.

All Investments are subject to risks, including the possible loss of principal. Past performance does not guarantee future results. The Strategies may not achieve their objectives if the managers' expectations regarding particular securities or markets are not met.

Equity investments generally involve two principal risks—market risk and selection risk. The value of equity securities will rise and fall in response to general market and/or economic conditions (equity market risk). The value of any individual equity security will rise and fall in response to the market's perception of the issuer's revenues, earnings, balance sheet, credit worthiness, business plan, and overall perception of the viability of the issuer's business (selection risk).

Investments in securities of issuers in foreign countries involves additional risks not associated with domestic investments. These risks include, but are not limited to: (1) political and financial instability; (2) currency exchange rate fluctuations; (3) greater price volatility and less liquidity in particular securities and in certain foreign markets; (4) lack of uniform accounting, auditing, and financial reporting standards; (5) less government regulation and supervision of some foreign stock exchanges, brokers and listed companies; (6) delays in transaction settlement in certain foreign markets; (7) less availability of information; and (8) imposition of foreign withholding or other taxes.

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.

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).

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.

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