GLOBAL EQUITY INCOME / CURRENT INCOME PORTFOLIO SMA Strategy Profile

Strategy Objective:

Seeks to provide a balance of above-average income with long-term capital appreciation

Strategy Snapshot:

Product Inception	4/1/2012
Category	Allocation--50% to 70% Equity

The Crossmark Global Equity Income/Current Income Portfolio Strategy seeks to provide a balance of above-average income flows with long-term capital appreciation by investing in a combination of dividend-paying stocks and fixed-income securities. To achieve this goal on the equity side, we utilize a four-step process combining dividend income with relative risk-controlled portfolio construction, investing primarily in large-cap, dividend-paying stocks of U.S. and non-U.S. companies (primarily through ADRs) representing a broad spectrum of the global economy. On the fixed-income side, the focus is primarily on investment-grade corporate bonds and U.S. Government agency securities with a maximum maturity of ten years. In addition, an allocation to fixed-rate preferred stocks is utilized for income generation purposes, while maintaining an overall intermediate-term duration.

Key Highlights

DIVERSIFIED PORTFOLIO

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- Comprised of a combination of two flagship Crossmark strategies – Global Equity Income and Current Income Portfolio
- Active diversification across global equity and domestic fixed income investments can allow for participation (from the equity component) in up markets and some protection (from the fixed income component) in down markets
- The generation of dividends and interest may mitigate the impact of market volatility and reduce downside risk in a portfolio

INCOME

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- The Strategy invests in U.S. and non-U.S. dividend-paying stocks that have demonstrated a higher yield within their respective sectors, increasing dividends and favorable earnings growth
- Active fixed income issue management and direct ownership of the underlying bonds provides income in the form of known, consistent, and defined coupon payments
- An allocation to fixed-rate preferred stock is utilized to increase cash flow without reaching down the credit curve into the junk bond sector

CAPITAL APPRECIATION

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- Although the Strategy invests primarily in large-cap stocks, it is able to invest in small- and mid-cap stocks opportunistically – all equity holdings pay dividends, which can be a significant contributor to total return
- The Strategy's unique rebalancing process allows for appreciation in either equity or fixed income allocations before the rebalance is triggered, allowing the portfolio to capture gains while reducing drags on performance such as transaction costs and the creation of taxable events
- Fixed-income investments (excluding fixed-rate preferreds) are limited to investment grade issues (at time of purchase) with a maximum maturity of 10 years and are diversified across market sectors to reduce the likelihood of defaults or interruptions to scheduled interest payments

Investment Process

Each component is managed by the investment team of the underlying Strategies shown below, and each team brings their unique expertise and experience along with a time-tested investment process specific to their aspect of the Strategy.

Global Equity Income Investment Process

Investment Universe	U.S. and international companies that are traded on U.S. exchanges and have a market capitalization greater than $1 billion
Quantitative Screens	• Dividend paying stocks are identified that exclude “one time” or “special dividends” • Securities with higher dividend yields within their sectors are selected • Positive dividend growth trend • Favorable earnings growth trend
Validation Process	• Quantitative due diligence process includes verifying data to a second financial database to ensure accuracy • Dividend and earnings trends, dividend policies, corporate actions and any news that could potentially impact cash flow are analyzed • Holdings that fail the investment universe, quantitative screens or validation process are sold
Portfolio Construction	A risk-controlled diversified portfolio is constructed utilizing a multi-factor risk model with: • Current dividend income • Global investment exposure • A sector-neutral weight target to minimize “value” bias • Weighted portfolio holdings to control standard deviation to a benchmark

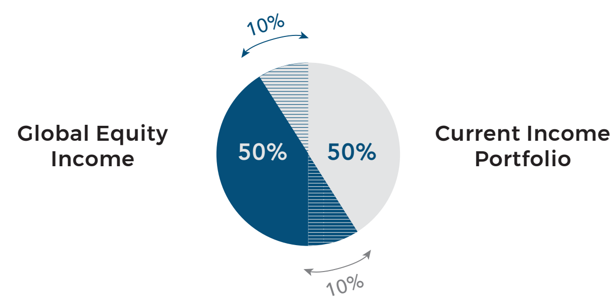
Current Income Portfolio Investment Process

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

Rebalancing Process

The Global Equity Income/Current Income Portfolio Strategy targets a mix of 50% equities and 50% fixed income securities. It employs a built-in rebalancing feature to ensure the allocation stays on track throughout a full market cycle. This unique rebalancing process is triggered by market movements, not by a preset schedule or calendar. This allows for up to 10% appreciation in either component before the rebalance is triggered, providing an opportunity for the portfolio to capture gains. Once the equity or fixed income component reaches 60% of total asset value, the portfolio is rebalanced to 50%/50%.

Rebalance Triggered By Market Movements



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All Investments are subject to risks, including the possible loss of principal. Past performance does not guarantee future results. The Global Equity Income Strategy may not achieve its objective 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.

The Current Income Portfolio 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).

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