CROSSMARK
GLOBAL INVESTMENTS

INCOME OPPORTUNITIES

Strategy Profile

Strategy Objective:

Seeks to optimize a diversified fixed income strategy while seeking higher levels of income

Strategy Snapshot:

Product Inception	01/1/2013
Category	Short-Term Bond

The Crossmark Income Opportunities Separately Managed Account Strategy seeks to optimize a diversified fixed income strategy while seeking higher levels of income. The strategy focuses on diversified sector exposure with both domestic and international securities.

The Strategy may invest in multiple sectors including investment-grade corporate debt issues, high-yield corporate debt issues, taxable municipal bonds, international sovereign ETFs, mortgage-backed securities and fixed-rate preferred stocks.

Key Benefits

CURRENT INCOME

1

- The Strategy focuses on providing elevated levels of cash flow by utilizing multiple sectors including REITs, fixed-rate preferred stocks, and high-yield corporates
- Direct ownership of the majority of the bond holdings provides income in the form of known, consistent, and defined coupon and/or dividend payments

ACTIVE MANAGEMENT

2

- Provides duration management/ targeting
- Practices sector rotation based on economic outlook discussed and determined by our Investment Policy Committee
- Practices security rotation based on fundamental analysis from our in-house research team, consisting of our Head of Research, Senior Responsible Investing Specialist, and Research Associate

DIVERSIFICATION

3

- The Strategy aims to provide exposure to multiple sectors including:
    - Investment-grade corporates
    - High-yield corporates
    - Fixed-rate preferred stocks
    - REITs
    - International sovereign bonds
- Diversifying the strategy with various sectors may help to reduce volatility in changing markets

Investment Process

The Strategy takes a conservative approach to fixed income investing by employing a four-step process that seeks to outperform the bond market over a full market cycle, as well as provide positive annual returns.

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 the 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, international sovereign bonds, 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

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