CRAWFORD
INVESTMENT COUNSEL
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NATIONAL MUNICIPAL BOND UPDATE

Market Commentary

During the 3rd quarter of this year we began to see further evidence of strong economic growth with the reporting of 2nd quarter GDP north of 4.00%. Economist with the Atlanta Federal Reserve are predicting 3rd quarter growth of 4.00% or higher. Solid employment gains and an uptick in wages contributed to the positive economic environment and overshadowed the ongoing trade disputes with our global partners. This optimism spilled in to the interest rate markets as investors began to fear the potential of higher inflation resulting from stronger economic growth and higher wages. This pushed overall interest rates higher with the benchmark 10 year U.S. Treasury note finishing the quarter with a yield of 3.05%, up from the close of last quarter at 2.86%. Interest rates continued to climb in to the first week of October and the 10 year note now stands at 3.20%, the highest since 2011. Against the backdrop of a stronger economy, the Federal Reserve has suggested it will increase short term interest rates again in December, and 3 more times in 2019.

The municipal market followed Treasury rates higher in the quarter and also became relatively more attractive as compared to taxable securities, especially on the short end of the maturity spectrum. During the 2nd quarter short term maturity municipals had become extremely rich versus taxable bonds from an historical basis. As the summer supply - demand imbalance normalized this relationship fell back to more reasonable levels, albeit still on the rich side. The quarter continued to see bank and insurance portfolio selling as portfolio managers adjust to the new lower Corporate Tax rate. The selling was not enough to overcome the lower new issue supply and large amounts of maturing bonds and interest payments that come due in the summer months. The seasonal effects of lower supply and ample cash, continued to keep valuations high and produce a tight market environment for finding value. During this period we typically build cash and wait for the 3rd quarter seasonal supply resurgence to materialize in order to find more attractive valuations. During the last month of the quarter we began to see higher interest rates and more value thus we began to commit the cash that accumulated over the summer.

Looking forward, we anticipate interest rates to continue to move higher. We expect this to cause bond mutual funds and ETF's to experience redemptions from investors, and they will be forced to sell to meet the outflows. This is typically when we see more compelling values as the forced selling contributes to more inefficiency in our market. We also expect the Federal Reserve to raise interest rates in December, which should create additional opportunity. Finally, with the economy continuing its strong bias and the potential for lower unemployment and higher wage growth, the seeds are planted for higher interest rates. We are excited for this opportunity. We have positioned our portfolios to be short term in maturity and will have significant amounts of cash generated from maturing securities. The ability to reinvest these proceeds in to higher yielding bonds will serve to lift the yield on our portfolios. Of course, predicting the course of interest rates is a very difficult task. For this reason we will continue to reinvest maturing securities on a consistent basis as long as valuations remain reasonable, and attractive purchase opportunities present themselves. We expect both to be the case as we head in to the 4th quarter.

Quarterly Performance

During the 2nd quarter of 2018, the Crawford National Intermediate Municipal Bond Composite returned 0.13% gross of fees (0.05% net of fees). During the same time period, the Barclays 3-Year Municipal Index returned -0.12%. The average effective maturity of the Crawford National Intermediate Municipal Bond Composite at the end of the quarter was 2.32 years and the average final stated maturity of the portfolio composite was 4.16 years. Our performance over the quarter benefited from the short term nature of our maturity positioning.

Evaluating Our Performance

The Crawford National Municipal Bond strategy is a high quality, income driven investment program. Our investment process is national in scope and focuses on tax-backed and essential service municipal issuers. In our experience, traditional attribution metrics (e.g., duration, quality, sectors, etc.) do not provide adequate explanation for evaluating municipal performance. We believe yield is the best measure of a portfolio's ability to generate income.

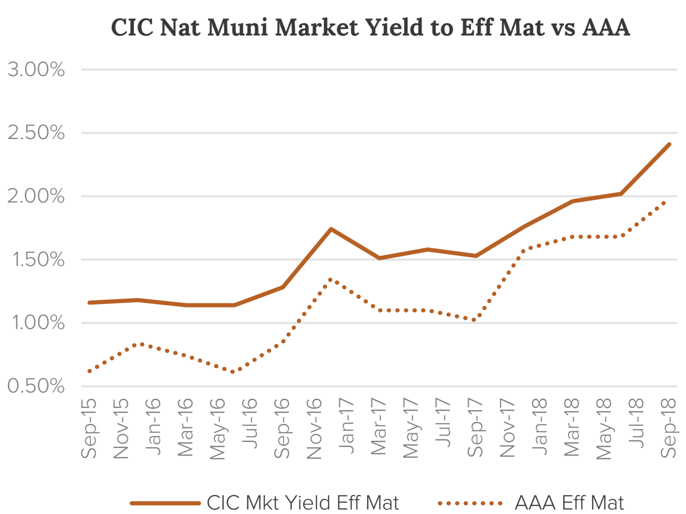
From a performance standpoint, we believe our strategy is distinguished by our ability to identify and capture inefficiencies in the municipal bond market. Given the issuer and investor dynamics of the municipal market, structural characteristics provide professional investors an opportunity to obtain relative value (higher yield for a given level of quality). These structural characteristics include call options, put options, and mandatory sinking fund schedules.

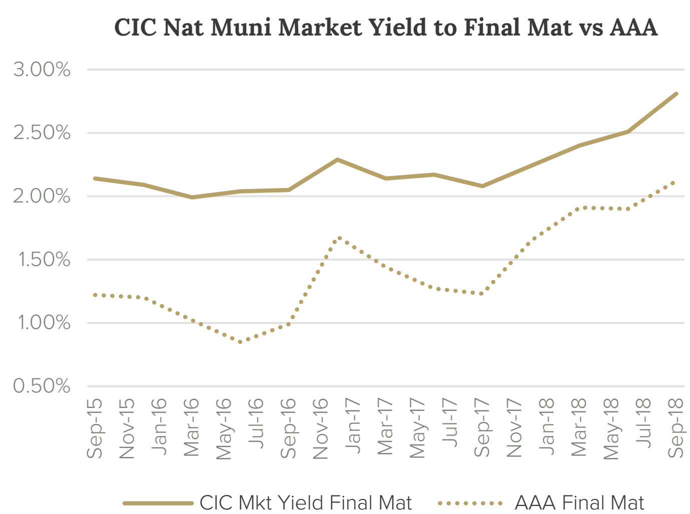
Yield and yield spreads are the best representation of the amount of relative value added by our team's ability to exploit inefficiencies. As illustrated in the tables below, we have been successful in extracting relative value for our investors relative to the Municipal Market Data AAA scale.

Crawford National Municipal Bond Strategy relative to the Municipal Market Data AAA Scale

Quarter	CIC Avg. Eff. Maturity	CIC Avg. Final Maturity	CIC Yld. To Eff. Maturity	CIC Yld. To Final Maturity	AAA Scale (Eff. Mat.)	AAA Scale (Final Mat.)	CIC Spread to AAA Scale (Eff Mat.)	CIC Spread to AAA Scale (Final Mat.)
Sept 2018	2.32 Yrs	4.16 Yrs	2.41%	2.81%	1.98%	2.12%	43 bps	69 bps
June 2018	2.40 Yrs	4.11 Yrs	2.02%	2.51%	1.68%	1.90%	34 bps	61 bps
Mar 2018	2.35 Yrs	4.17 Yrs	1.96%	2.40%	1.68%	1.91%	28 bps	49 bps
Dec 2017	2.36 Yrs	4.27 Yrs	1.76%	2.24%	1.58%	1.65%	18 bps	59 bps

Source: Crawford, Bloomberg, Barclays, TM3





Source: Crawford, Bloomberg, Barclays, TM3

National Intermediate Municipal Bond Composite
Annual Disclosure Presentation

						Composite				Bloomberg Barclays 3 Year Municipal Bond Index	
Year	Firm Assets ($ Millions)	Composite Assets ($ Millions)	% Of Balanced Carve-Outs	% Of Non-fee paying accounts	# Of Accounts	Gross Return	Net Return	3-Year Standard Deviation	Internal Dispersion	Return	3-Year Standard Deviation
2017	$5,901	$582	0%	1%	175	2.05%	1.74%	1.21%	0.4%	1.56%	1.48%
2016	$5,044	$501	0%	2%	169	0.37%	0.05%	1.11%	0.3%	0.08%	1.23%
2015	$4,149	$443	0%	1%	148	1.53%	1.20%	0.94%	0.3%	1.18%	0.91%
2014	$4,610	$365	0%	0%	140	2.63%	2.28%	0.92%	0.6%	1.22%	0.86%
2013	$4,388	$308	0%	0%	117	0.87%	0.54%	1.15%	0.3%	1.32%	0.97%
2012	$3,812	$264	0%	0%	95	2.52%	2.18%	1.28%	0.5%	1.86%	1.13%
2011	$3,369	$217	0%	0%	80	4.91%	4.58%	2.01%	1.1%	3.46%	1.67%
2010	$3,111	$144	0%	0%	50	3.14%	2.83%	3.18%	0.7%	1.81%	2.68%
2009	$2,592	$172	22%	0%	50	5.79%	5.45%	3.09%	0.6%	5.78%	2.55%
2008	$2,046	$131	15%	0%	25	5.58%	5.20%	2.78%	N/A	5.52%	2.33%

N/A - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Crawford Investment Counsel claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Crawford Investment Counsel has been independently verified for the period January 1, 1981 through December 31, 2014. A copy of the verification report is available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS. Verification does not ensure the accuracy of any specific composite presentation.

Crawford Investment Counsel, Inc. is an independent registered investment adviser with the Securities and Exchange Commission.

The National Intermediate Municipal Bond Composite contains all discretionary, taxable national intermediate municipal bond accounts with a minimum account size of $1 million. An account managed in the national intermediate municipal bond style focuses on investment grade municipal bond issuers of short to intermediate maturity with exposure across at least 5 states with no more than 50% in a single state.

For comparison purposes the composite is measured against the Bloomberg Barclays 3 Year Municipal Bond Index. Effective February 1, 2016, the secondary benchmark, Barclays Capital 5 Year Municipal Bond Index, was removed. The change was made as it was decided that it was not relevant to show multiple benchmarks.

Results are based on discretionary accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance. Balanced portfolio segments are included in this composite prior to January 1, 2010 and in periods where single asset segments exist, cash has been allocated according to the average cash position those single segment accounts held. A 5% cash allocation has been consistently applied to the composite for periods where no single asset accounts are included. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance is calculated based on the actual fees experienced by the client. The 3-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The annual composite dispersion presented is an asset weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is not necessarily indicative of future results.

The investment management fee schedule for the composite is 0.40% on the first $5 million; 0.35% on the next $5 million; and 0.30% on the balance. Actual investment advisory fees incurred by clients may vary.

The National Intermediate Municipal Bond Composite was created in January of 2007. A complete list of composite descriptions is available upon request.