



MICHAELS

Michaels Stores is the largest arts and crafts specialty retailer in North America, and its mission is to inspire and encourage everyone to unleash his or her inner maker. Product offerings, crafting classes, in-store events, mobile apps, and digital content are all designed to inspire creativity and build confidence in its customers' artistic abilities. The company's operations adhere to a set of core values that begin with its focus on people, makers, integrity, accountability, and diversity. Through these core values the company works to create a fun and rewarding place to work, foster meaningful connections with its customers and communities, and lead the industry in growth and innovation.

As a leader in the arts and crafts industry Michaels uses its sourcing as a competitive advantage to create privately branded products and establish strategic partnerships or exclusive relationships with other leading brands. Private brand merchandise makes up about 60% of the company's revenue and is beneficial to margins. Michaels uses third-party specialists to audit potential vendors and factories to ensure adherence to the company's policies around safety, fair compensation, and human rights. All manufacturing facilities must earn satisfactory audit results before manufacturing Michaels-branded or private-branded products.

Michaels views its engagement with employees, customers, and communities as an essential component of success. Michaels' commitment to its core values and strong corporate culture have led to its certification as a Great Place to Work. Great Place to Work identifies and recognizes high-trust and high-performing workplace cultures. Fuel for Growth and Next Big Item are programs implemented to encourage employees to submit ideas that can improve operational efficiencies or develop new and innovative products; employees are rewarded with cash payments for ideas that are implemented. Michaels recently named the Boys and Girls Clubs of America and Canada as the company's exclusive charity partners. The goal of this partnership is to encourage youth to confidently explore and discover their creative voices. The company also works with troop leaders to provide training and development to further cultivate optimism, originality, and confidence.

The company's environmentally sound business practices around energy conservation, recycling and waste reduction are not only good for the environment, but also boost profitability. Michaels operates an Energy Management System from its headquarters in Irving, TX that controls and measures the electricity used by their retail stores. The company has a corporate recycling program and encourages its customers to recycle through participation in local recycling initiatives. Michaels also partners with Stericycle to ensure the company's hazardous waste is recycled or used to produce energy. Michaels sustainability efforts are directly tied to a core set of values that focus on doing the right thing, holding themselves accountable, and acknowledging that we are better together. This isn't a recent priority either: The company has long pursued initiatives that are both good for the environment and corporate profits. Such long-standing priorities set Michaels apart as a model for other companies looking to do good while doing well.

Important Disclosure Information

Past performance is not indicative of future performance. This Company was not selected for performance-based reasons, and was instead selected to emphasize the types of issuers that Zeo Capital Advisors, LLC (“Zeo”) seeks to invest in based on its sustainability mandate.

The methodology for initially preparing a Sustainability Profile for an issuer requires the issue to be among the Sustainable Credit Strategy’s largest holdings as of quarter-end. As of June 30, 2020, Zeo’s clients owned securities issued by this Company. Sustainability Profiles are shared to provide information about the sustainability selection process and may be used even after an issue is no longer one of the largest holdings in the strategy.

Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Zeo, or any non-investment related content, made reference to directly or indirectly in this commentary will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this commentary serves as the receipt of, or as a substitute for, personalized investment advice from Zeo.

A copy of the Zeo’s current Form ADV Part 2A and Form CRS are available upon request.

The material provided herein has been provided by Zeo Capital Advisors, LLC and is for informational purposes only. Zeo Capital Advisors, LLC serves as investment adviser to one or more mutual funds distributed through Northern Lights Distributors, LLC member FINRA/SIPC. Northern Lights Distributors, LLC and Zeo Capital Advisors, LLC are not affiliated entities.

3836-NLD-07/22/2020