

Large Cap Growth

Commentary | Quarterly update: 1Q24

Separately managed account



Robert C. Doll, CFA® CEO/CIO

Top 10 portfolio (%)	
Microsoft Corporation	12.25
Apple Inc.	8.24
NVIDIA Corporation	5.85
Alphabet Inc. Class A	4.56
Amazon.com, Inc.	3.84
Visa Inc. Class A	3.65
Mastercard Inc. Class A	3.55
Home Depot, Inc.	3.44
Applied Materials, Inc.	2.81
Booking Holdings Inc.	2.70
Total % of portfolio	50.90

Markets and performance

The Large Cap Growth composite returned 10.52% during the first quarter of 2024, lagging the Russell 1000 Index (+11.41%) by 89 basis points (bps). Portfolio allocation was the main detractor from performance during the period, with stock selection adding modestly to performance. The portfolio's slight underweight to momentum and overweight to earnings quality detracted from performance during the period, while the exposure to companies with higher earnings yields and management quality added to performance.

Positive and negative contributors to performance

Portfolio allocation was the primary detractor from performance, driven by the overweight to real estate and underweight to communication services. On the positive side, stock selection within consumer discretionary and consumer staples was among the top contributors to performance. Looking at individual positions, the underweight to NVIDIA (5.85% of total net assets) was the largest detractor from performance, as the company significantly outperformed on the back of impressive earnings and continued AI hype. Humana (1.28% of total net assets) also detracted as the company lagged over concerns around the profitability of its Medicare Advantage business. The underweight to Meta (2.12% of total net assets) also detracted, given the strong performance of the company. On the positive side, the fund's underweight to Tesla was the largest contributor to performance as the company struggled in the face of weaker than expected EV demand. The position within Dell Technologies (1.93% of total net assets) added to the performance as the company is benefiting from the AI demand on its server business. Finally, the underweight to Apple (8.24% of total net assets) was positive, as the company lagged during the quarter.

Looking ahead

The key economic question for 2024 is whether central banks can continue the "landing of the plane" (soft landing) without a crash (recession). The consensus view of 2024 is a Goldilocks environment of not too hot and not too cold. Expectations include a soft economic landing, a continued decline in inflation toward targets, and double-digit earnings growth. We think that fairy tale is unlikely, meaning either 1) the economy weakens enough for a bumpy ride (perhaps a recession) and earnings fall short (most likely), or 2) the economy remains strong enough to support double-digit earnings growth at the risk of little progress on inflation and Fed rate cuts. Considering the market environment, the strategies were continuing to focus on higher quality companies with more predictability. During the quarter, the strategy trimmed exposure to the healthcare and consumer discretionary sectors and added to financials and consumer staples. At the end of the quarter, the portfolio was most overweight real estate and information technology while underweight communication services and consumer discretionary.

Composite performance (%)	Quarter	YTD	1-year	Since inception
Large Cap Growth – Gross	10.52%	10.52%	36.69%	9.91%
Large Cap Growth – Net ¹	10.47%	10.47%	36.46%	9.74%
Russell 1000 Growth Index	11.41%	11.41%	39.00%	9.15%

1 Net performance was calculated using actual management fees.

Crossmark uses a model account to manage the individual client accounts that have selected this investment strategy. The portfolio characteristics shown are based on the model account. The characteristics of any individual account may differ from those of the model account. All performance information shown is composite performance derived from the aggregate of all accounts included in the composite.

Our firm

Crossmark Global Investments is a faith-based firm that creates and manages values-based investment strategies for financial intermediaries and their clients. Founded over 35 years ago, the firm has a rich history of inspiring and equipping its clients to go further in aligning their investments with their values. Crossmark is based in Houston, Texas. For more information, visit crossmarkglobal.com.

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. Investment advice can be provided only after the delivery of Crossmark's firm Brochure and Brochure Supplement Form ADV (Parts 2A and 2B) and Form CRS, 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 Large Cap Growth Strategy 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).

Some strategies incorporate values-based screening policies which exclude certain securities issuers from the universe of otherwise available investments. As a result, the strategy may not achieve the same level of performance as it otherwise would have in the absence of the screening process. If the strategy has invested in a company that is later discovered to be in violation of one or more screening criteria and liquidation of an investment in that company is required, selling the securities at issue could result in a loss to the strategy. Further, the strategy's values-based screening policies may prevent the strategy from participating in an otherwise suitable investment opportunity.

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.

This content may not be reproduced, copied or made available to others without the express written consent of Crossmark.

Crossmark claims compliance with the Global Investment Performance Standards (GIPS®). Prospective clients can obtain a GIPS Composite Report by sending a request to: advisorsolutions@crossmarkglobal.com.

The U.S. Dollar is the currency used to express performance. The performance reflects the reinvestment of dividends and other earnings to the extent that client accounts included in the composite elected to reinvest dividends and earnings. Performance figures shown gross of fees do not reflect the payment of investment advisory fees.

GIPS is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Not FDIC Insured – No Bank Guarantee – May Lose Value