QUARTERLY UPDATE: 2Q 2022

SMA STRATEGY COMMENTARIES

ECONOMIC & MARKET
Commentary

written by
Robert C. Doll, CFA® Chief Investment Officer

EQUITY MARKETS (INDEX TOTAL RETURN)	Q2 2022	YTD
DJIA	-10.78%	-14.44%
S&P 500	-16.10%	-19.96%
NASDAQ	-22.28%	-29.23%
RUSSELL 2000	-17.20%	-23.43%
RUSSELL 1000 GROWTH	-20.92%	-28.07%
RUSSELL 1000 VALUE	-12.21%	-12.86%

S&P EQUITY SECTORS (INDEX TOTAL RETURN)	Q2 2022	YTD
COMMUNICATION SERVICES	-20.71%	-30.16%
CONSUMER DISCRETIONARY	-26.16%	-32.82%
CONSUMER STAPLES	-4.62%	-5.58%
ENERGY	-5.17%	31.84%
FINANCIALS	-17.50%	-18.73%
HEALTHCARE	-5.91%	-8.33%
INDUSTRIALS	-14.78%	-16.79%
INFORMATION TECHNOLOGY	-20.24%	-26.91%
MATERIALS	-15.90%	-17.89%
REAL ESTATE	-14.72%	-20.02%
UTILITIES	-5.09%	-0.55%

Source: Bloomberg as of 6/30/22

Attention Shifts From Multiple Compression To Earnings Concerns

U.S. equities finished lower for a third straight quarter. The S&P 500, which at one point experienced a seven-week losing streak, fell the most since the height of the pandemic fears in Q1 of 2020 (-16.5%). This has been the worst first half of the year for U.S. stocks since 1970. Inflation remained the big drag on risk sentiment in Q2. May headline CPI came in higher than expected, increasing 1.0% m/m and 8.6% y/y, the biggest annual increase in over 40 years. Surging food and energy prices were key upside drivers. The Fed's outsized focus on inflation led to a more aggressive pace of rate hikes. Tightening financial conditions drove concerns about a growth slowdown or recession with the Atlanta Fed GDPNow model estimating -1.0% growth for Q2 following the -1.6% print in Q1. Growth concerns were exacerbated by the widespread lockdowns in China due to a zero COVID policy. While the first half drawdown was entirely driven by multiple compression, a combination of slowing growth, tightening financial conditions, lingering input price and supply chain pressures, waning corporate sentiment, and FX headwinds drove a meaningful pickup in concerns about the downside risk to consensus earnings estimates. Treasuries came under pressure again, with ten-year yields up nearly 70bp to 3.01% (after getting as high as 3.49%). There were also bouts of curve inversion. The dollar index jumped over 7%, gold was down 7.5%, and Bitcoin lost nearly 60%. WTI crude added 5.5% to post its ninth straight quarterly gain.

The investment landscape will remain difficult in the near term until the outlook for inflation and growth become clearer. Expectations of a recession in the U.S. and Europe have escalated in recent weeks, reflecting the drags of elevated inflation (including for energy), and expected central bank policy tightening. Ultimately, the issue for investors is whether central banks can reduce inflation materially without triggering an economic recession. The Fed is expected to keep raising rates aggressively through year-end, with the funds rate peaking in mid-2023.

ECONOMIC & MARKET
Commentary (continued)

INTERNATIONAL EQUITY MARKETS (INDEX NET RETURN)	Q2 2022	YTD
MSCI ACWI	-15.66%	-20.18%
MSCI ACWI EX U.S.	-13.73%	-18.42%
MSCI EAFE	-14.51%	-19.57%
MSCI EM	-11.45%	-17.63%

FIXED INCOME MARKETS (INDEX TOTAL RETURN)	Q2 2022	YTD
BLOOMBERG U.S. AGGREGATE BOND	-4.69%	-10.35%
BLOOMBERG U.S. CORP HIGH YIELD	-9.83%	-14.19%
BLOOMBERG U.S. GOV/CREDIT	-5.03%	-11.05%
BLOOMBERG U.S. T-BILL 1-3 MONTH	0.12%	0.15%

ALTERNATIVES (INDEX TOTAL RETURN)	Q2 2022	YTD
FTSE NAREIT (REAL ESTATE)	-14.73%	-19.20%
DJ COMMODITIES	-5.66%	18.44%
RED ROCKS GLOBAL LISTED PRIVATE EQUITY	-23.74%	-35.30%
DB G10 CURRENCY FUTURES	-2.03%	3.82%

Source: Bloomberg as of 6/30/22

In the short term, markets will be on recession watch, with any weaker-than-expected economic data or declines in copper/oil prices, or a flattening of the yield curve, interpreted as evidence that a recession is brewing. The implication is that weak economic data will be beneficial for longer-maturity bonds, but, at least initially, bearish for corporate earnings expectations and equities. Fed members have already indicated that they need to see a string of lower month-to-month inflation readings to justify moderating the pace of tightening. Our forecast is that U.S. headline and core inflation will trend lower in the months ahead. This backdrop argues for a cautious investment strategy in the near term.

The more problematic outcome for investors would be stubborn headline and core inflation readings keeping pressure on the Fed to tighten more aggressively. The result would be a continuation of the horrific first half of the year, with rising bond yields forcing a further de-rating of equities and both bonds and equities suffering further losses in the coming months. While the Fed must get softer inflation data before it can temper its hawkish rhetoric and signal a more moderate rate path ahead, it will not blindly sacrifice the economy to achieve any specific inflation objective. It will likely be on data dependency mode by September.

The decline in asset prices this year has significantly unwound prior valuation excesses, improving the risk-reward outlook on a 6-12 month and longer-term horizon. However, to unlock that improved value in the near-term will require a definitive peak in inflation such that the Fed can hike rates at a slower pace, thereby allowing U.S. and euro area economic resilience to re-gain credibility. A sustained easing of COVID restrictions by Chinese authorities would provide an additional global growth impetus. Our base-case scenario is that there is a more profitable path ahead for equities, but it will take time to develop. Beyond the short term, the fundamentals warrant maintaining an underweight stance on fixed-income within a multi-asset portfolio, a neutral stance on equities, with overweight exposure to cash. While worries about global growth have increased in recent months, the magnitude of the declines in equity and bond prices is as much a reflection of their prior overvaluation enabled by easy money as deteriorating economic conditions. Current fears of a recession are primarily based on potential future policy outcomes rather than on currently measurable risks in the real economy. Future policy will be data-dependent, so the current recession fears are primarily sentiment-driven.

Fixed Income

Key long-term government bond yields have retreated from mid-June highs. The earlier surge in bond yields may have eased, but bond market volatility remains elevated. Over the past month, bonds have been driven by rising real yields and moderating inflation expectations. Longer-term inflation expectations could drift lower in the near term, given economic growth concerns, but ultimately our view is that they will climb from current levels if the economic expansion is sustained. Spreads on credit products continue to widen and likely have more upside until investors re-gain confidence in the economic outlook.

ECONOMIC & MARKET
Commentary (continued)

Equities
The sharp decline in stock prices this year is a result of a pronounced de-rating as global interest rates have risen. Global equities remain under pressure as growth worries escalate and prices have dipped into bear market territory. The equity drawdown relative to their one-year peak is similar to those during the growth scares in the last economic expansion but significantly less than during the 2001-2003 and 2008-2010 bear markets. Stocks are somewhat oversold, reflecting both the magnitude and speed of the decline. Barring a deep recession, which we do not envisage, the current oversold reading bodes positively for equities on a 6-12 month horizon.

Forward earnings expectations remained in an uptrend through Q2, although cracks appeared across select markets and sectors. We expect downgrades in the coming months, consistent with slowing global growth. Downside earnings risk for the U.S. equity market would be meaningful only in the event of a recession, which we do not expect. Nevertheless, avoiding earnings disappointments will be key to equity performance.

Commodities and Currencies
Commodity prices have declined recently in response to global growth worries, with further downside likely in the near-term. The drop has been broad-based across major commodity groups, but the aggregate index still remains high by historical standards and is up significantly year-to-date, in contrast to other risk asset prices. Crude prices have retreated to reflect softer demand growth, but the oil market remains tight given low inventory levels. The U.S. dollar remains in an uptrend, registering gains against other currencies. Relative interest rates have been the key driver of currency performance in recent months and remain in favor of the dollar. That said, the U.S.' relative interest rate advantage is already elevated and has limited sustainable upside from current levels. If our macro scenario pans out, the ECB will be playing catch-up to the Fed, thereby gradually narrowing the dollar's interest-rate advantage. A turning point in the euro/U.S. dollar rate will likely correspond with a broader decline in the dollar, given the depressed levels of the yen and pound in particular.

Conclusion
1. We expect global growth to slow further, but the resilience of the global economy is being underestimated.
2. Peak policy rate expectations for the Fed, ECB and other key developed economy central banks are not so high as to cause a recession in the absence of other shocks.
3. Headline and core inflation in the U.S. and euro area should gradually ease in the coming months, albeit less than central banks or the consensus anticipate. Nonetheless, the easing will provide temporary relief for capital markets.
4. If a global recession were to develop, it would be short and shallow given the absence of major imbalances in the household, business, and financial sectors.
5. Government bonds have rallied as inflation expectations have eased, which should allow yields to stabilize or modestly decline in the near-term if inflation moderates as we expect. We remain structurally bearish on bonds, but a more constructive tactical view is warranted.
6. Having already de-rated markedly and discounted at least some downgrading of corporate earnings expectations, stocks will likely remain choppy in the near term. Any meaningful upward move in stocks is dependent on containing earnings disappointments.
7. Elevated uncertainty and numerous possible problems warrant maintaining an overweight stance on cash, but near-term returns could lag long-term government bonds.
8. Portfolio returns should improve on a 6-12 month horizon, initially reflecting more stable bond returns and ultimately better equity returns.
9. The correlation between returns on equities and bonds will remain positive in the near term but should revert to negative if the global economic expansion is sustained as we expect.
10. Because of elevated levels of uncertainty, volatility in both directions is likely.

Source: BCA Research, MRB Partners, FactSet

GLOBAL EQUITY INCOME

Separately Managed Account

Commentary

written by
John Wolf, Managing Director

Global Equity Income Top 10 Model Holdings[1]

Cigna Corp.	2.8%
McDonald's Corp.	2.7%
Verizon Communications	2.3%
HP, Inc.	2.2%
Coca Cola Co.	2.1%
Texas Instruments, Inc.	2.1%
Paychex, Inc.	2.1%
AbbVie, Inc.	2.0%
Quest Diagnostics, Inc.	2.0%
Kellogg Co.	1.9%
Total % of Portfolio	**22.2%**

[1] Model Portfolios are based on a hypothetical account managed during the current quarter. Actual characteristics and income may differ materially from model. As of 6/30/2022.

Markets and Performance

The overall performance of global equity markets was generally negative for the second quarter. The Global Equity Income Strategy benchmarks (the S&P Global 1200 Index and the S&P 500 Index) ended the quarter with returns of -15.33% and -16.11%, respectively. Dividend stocks outperformed the general equity market. For global dividend index comparison purposes, the MSCI World High Dividend Yield Index returned -8.72%. The Global Equity Income model portfolio outperformed the S&P Global 1200 Index but underperformed the MSCI World High Dividend Yield Index for the quarter, returning -10.33%.

Positive and Negative Contributors to Performance

Positive relative performance for the quarter was led by Cigna Corp. (2.8% of total net assets), which rose 10.45% as revenues have increased consistently for the past several years. The health insurance provider has been growing its membership over many quarters, and the trend is expected to continue. Management's strategy is driven by opportunistic acquisitions and providing high-quality products and services. The company distributed over $9 billion to shareholders last year through dividends and share repurchases, and this past March raised its dividend by 12%. Shares of Silicon Motion Technology Corp. (1.4% of total net assets) jumped 25.94% as the Hong Kong-based semiconductor company agreed to be acquired by MaxLinear Inc. in a cash and stock deal that values the company at about $4 billion (a 41% premium over the closing price before the announcement). The company also released impressive first-quarter results (beating top and bottom-line estimates) backed by high shipments of solid-state drive controllers. Management was also optimistic about long-term growth prospects with positive demand trends.

Negative contributors to relative performance included Paramount Global, which dropped -27.43% before being sold out of the portfolio in May. First-quarter earnings were modestly ahead of analyst estimates, but advertising revenue from streaming fell short. The company has been investing heavily in its streaming service, weighing on profit margins. Yet, they have not detailed a clear plan to profitability in the increasingly competitive environment. The company also failed the earnings parameter in our quantitative screen (requiring the sale). Shares of Pan American Silver Corp. (1.2% of total net assets) dropped -27.56% as commodity prices weakened against global economic and inflationary concerns. While these issues are legitimate, the shares appear to have overreacted, with the company reporting solid first-quarter results despite some production challenges. The outbreak of a COVID variant reduced some workforce availability, but overall performance was supported by strong gold and silver sales. Costs associated with silver production also came in below previously reported guidance.

Looking Ahead

The current economic environment is clearly focused on inflation and the tightening of monetary policy by global central banks to stabilize inflation. Energy prices have led the steady upward march, and the repercussions have filtered through the rest of the economy. Supply chain issues continue to exacerbate the problem. The fear of rising interest rates and a potential recession have pushed equities into bear market territory. This scenario continues to favor a dividend strategy with its lower-risk profile and ability to lessen the impact of potential market volatility.

COVERED CALL INCOME
Commentary

Separately Managed Account

written by
Paul Townsen, Managing Director – Head of Trading

**Covered Call Income
Top 10 Model Holdings**[1]

Apple, Inc.	4.4%
Merck & Company	3.9%
Electronic Arts, Inc.	3.9%
Coca Cola Co.	3.4%
Morgan Stanley	3.3%
Raytheon Technologies Corp.	3.1%
Oracle Systems Corp.	3.0%
Micron Technology, Inc.	3.0%
CVS Caremark Corp.	3.0%
Bank of America Corp.	3.0%
Total % of Portfolio	**34.0%**

[1] Model Portfolios are based on a hypothetical account managed during the current quarter. Actual characteristics and income may differ materially from model. As of 6/30/2022.

Markets and Performance

Equity markets continued their decline in the second quarter, hitting levels not seen since December 2020. High inflation, increases in interest rates, rising recession risks and ongoing geopolitical unrest weighed on the market. The sharp drop in April was for many of the same reasons as during the first quarter, but a new COVID-related lockdown in China added to the sell-off. The severe decline in economic activity in China, coupled with concerns regarding rising interest rates hit the equity markets hard during the month. Selling continued into May as the Federal Reserve raised interest rates by 50 basis points, the single biggest rate hike in over 22 years. Fed Chairman Powell also indicated that the Fed would continue to raise rates to tame inflation, putting added pressure on stocks. The markets rebounded slightly towards the end of the month as some inflation metrics implied prices could potentially be peaking. But relief was short-lived, as the May Consumer Price Index (CPI) report showed inflation had definitely not peaked. The Fed raised rates by 75 basis points at the June meeting which brought even more volatility to the equity markets. The high CPI number combined with increasing rate hikes had the markets selling off sharply into the middle of the month. Volatility will remain until there is some relief from all of these headwinds. The Crossmark team took advantage of this volatility during the second quarter by methodically executing option spread trades to generate increased income and reduce volatility versus the broad equity markets.

Positive and Negative Contributors to Performance

The Covered Call Income model portfolio outperformed the primary benchmark (the CBOE Buy Write Monthly Index) during the second quarter, returning -8.67% and -10.92%, respectively. The option overlay was one of the biggest contributions to return during the second quarter. Communication services, consumer discretionary, energy and utility sectors had positive contributions to return from a sector standpoint. Some individual stocks that had positive contributions to return during the quarter were Electronic Arts (3.9% of total net assets), Coca-Cola (3.4% of total net assets), Exelon Corp. (2.4% of total net assets), and Exxon Mobil (2.8% of total net assets). Technology and financials were among the weakest performing sectors during the quarter, with Micron Tech (3.0% of total net assets), Applied Materials (2.9% of total net assets), and Bank of America (3.0% of total net assets) generating negative contributions to return during the second quarter.

Looking Ahead

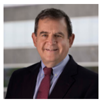
High inflation, rising interest rates, growing recession risks, and continued unrest in Ukraine gave the markets their worst first-half performance since 1970. That kind of result is not surprising given that inflation reached a 40-year high and the Fed raised rates at a pace not seen in decades. The S&P 500 Index has declined more than 15% during the first half of a year five times since 1932. Each time, the Index has reversed course and generated solid returns during the second half - hopefully, something positive is on the horizon! Heading into the third quarter, the markets will likely continue to be volatile. We expect many more opportunities to increase income by harvesting that volatility in the coming months.

LARGE CAP CORE UNSCREENED

Separately Managed Account

(Formerly Large Cap Core Growth)

Commentary



written by

Robert C. Doll, CFA® Chief Investment Officer

Large Cap Core Unscreened Top 10 Model Holdings[1]

Apple, Inc.	6.7%
Microsoft Corp.	6.7%
Alphabet Class C	4.6%
UnitedHealth Group, Inc.	3.9%
AbbVie, Inc.	3.3%
Pfizer, Inc.	2.6%
Mastercard, Inc.	2.6%
Anthem, Inc.	2.5%
Gilead Sciences, Inc.	2.3%
Popular, Inc.	2.3%
Total % of Portfolio	**37.5%**

Markets and Performance

The Large Cap Core Unscreened model portfolio fell -12.45% in the second quarter, outperforming the Russell 1000 Index (-16.68%) by 423 basis points. This significant outperformance resulted from strong stock selection across a variety of sectors, as the quality of balance sheets, earnings, and management was a big focus.

Positive and Negative Contributors to Performance

Our outperformance resulted primarily from stock selection in healthcare and technology. Thankfully, offsets during the quarter were minimal. The best-performing stocks were Gilead Sciences (2.3% of total net assets), UnitedHealthcare (3.9% of total net assets), Lilly (2.2% of total net assets), and Marathon Petroleum (2.0% of total net assets), with the worst being Amerisource and Ford (1.5% of total net assets).

Looking Ahead

Expecting the stock market to shift from multiple compression to earnings, we are taking extra care to analyze the quality of earnings, balance sheets, and management in our stock selection. Currently, our largest overweighted sector is healthcare (especially healthcare providers and services, and biotechnology). The most significant underweights include the consumer discretionary and utility sectors.

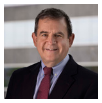
[1] Model Portfolios are based on a hypothetical account managed during the current quarter. Actual characteristics and income may differ materially from model. As of 6/30/2022.

LARGE CAP EQUITY STRATEGIES

Separately Managed Accounts

(Large Cap Core, Large Cap Growth, and Large Cap Value)

Commentary



written by

Robert C. Doll, **CFA®** Chief Investment Officer

Large Cap Core Top 10 Model Holdings[1]

Microsoft Corp.	6.7%
Apple, Inc.	4.6%
PepsiCo, Inc.	2.6%
Mastercard, Inc.	2.6%
Synopsys, Inc.	2.5%
CVS Caremark Corp.	2.5%
Anthem, Inc.	2.5%
MetLife, Inc.	2.4%
General Mills, Inc.	2.3%
Cisco Systems, Inc.	2.3%
Total % of Portfolio	**31.0%**

Large Cap Growth Top 10 Model Holdings[1]

Microsoft Corp.	12.8%
Apple, Inc.	11.1%
Alphabet Class A	4.3%
Visa, Inc.	3.9%
Mastercard, Inc.	3.5%
Amazon.com, Inc.	3.4%
PepsiCo, Inc.	3.1%
American Tower	3.0%
Home Depot, Inc.	2.9%
Lockheed Martin Corp.	2.5%
Total % of Portfolio	**50.5%**

Large Cap Value Top 10 Model Holdings[1]

Cigna Corp.	2.9%
Intel Corp.	2.8%
Anthem, Inc.	2.8%
Cisco Systems, Inc.	2.6%
ConocoPhillips	2.6%
CVS Caremark Corp.	2.5%
Goldman Sachs Group, Inc.	2.5%
MetLife, Inc.	2.5%
General Mills, Inc.	2.4%
Aflac, Inc.	2.4%
Total % of Portfolio	**26.0%**

[1] Model Portfolios are based on a hypothetical account managed during the current quarter. Actual characteristics and income may differ materially from model. As of 6/30/2022.

Markets and Performance

The Russell 1000, Russell 1000 Value, and Russell 1000 Growth indices returned -16.68%, -12.22%, and -20.92%, respectively, in the second quarter. While down significantly, the Large Cap Core, Large Cap Value, and Large Cap Growth model portfolios outperformed by 466, 283, and 397 basis points (bps), respectively. This significant outperformance resulted from strong stock selection across a variety of sectors, with balance sheet, earnings, and management quality representing a key focus.

Positive and Negative Contributors to Performance

The Large Cap Core model portfolio achieved nearly half of its outperformance via the technology sector due to strong stock selection. The financial and industrial sectors also had a positive impact, with the largest individual contributors being Cigna (2.3% of total net assets), AutoZone (2.2% of total net assets), Gilead (2.3% of total net assets), VMware (2.3% of total net assets), and IBM (1.7% of total net assets). The most negative contributors were Amazon (1.1% of total net assets) and Prologis (2.0% of total net assets).

The Large Cap Value model portfolio achieved its outperformance via stock selection in technology, communication services, and healthcare. Companies with the most positive impact included General Mills (2.4% of total net assets), Cigna (2.9% of total net assets), IBM (2.3% of total net assets), AT&T (2.3% of total net assets), and AutoZone (1.0% of total net assets). Real estate stocks were a modest drag on performance. Prologis (2.1% of total net assets) and our underweighting of Exxon (0.9% of total net assets) modestly detracted from quarterly performance.

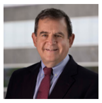
The Large Cap Growth model portfolio outperformed primarily through stock selection in technology (avoiding highly-valued stocks that experienced multiple compression). The best stock performance came from underweighting NVIDIA (0.7% of total net assets) and Tesla (1.6% of total net assets) and from positive contributions by McKesson (2.3% of total net assets) and VMware (2.3% of total net assets). Amazon (3.4% of total net assets) and underweighting Lilly (1.2% of total net assets) were modest negatives.

Looking Ahead

Expecting the stock market to shift from multiple compression to earnings, we are taking extra care to analyze the quality of earnings, balance sheets, and management in our stock selection. Currently, our largest overweighted sectors are technology and financials, and the largest underweights include communication services and consumer discretionary.

EQUITY MARKET NEUTRAL
Commentary

Separately Managed Account



written by
Robert C. Doll, CFA® Chief Investment Officer

Equity Market Neutral 10 Long Model Holdings[1]

Lockheed Martin Corp.	1.4%
General Mills, Inc.	1.3%
Mastercard, Inc.	1.3%
Ulta Beauty, Inc.	1.3%
Jacobs Engineering Group, Inc.	1.3%
Synopsys, Inc.	1.3%
Waste Management, Inc.	1.3%
Jones Lang LaSalle, Inc.	1.3%
American Express Co.	1.2%
H&R Block, Inc.	1.2%
Total % of Portfolio	**12.9%**

Equity Market Neutral 10 Short Model Holdings[1]

Garmin Ltd	-1.0%
Alnylam Pharmaceuticals, Inc.	-1.0%
First Citizens BancShares, Inc.	-1.0%
Grocery Outlet Holding Corp.	-1.0%
Wynn Resorts Ltd	-1.0%
Liberty Broadband Corp.	-1.0%
White Mountains Insurance Group Ltd	-1.0%
Catalent, Inc.	-1.0%
Stericycle, Inc.	-1.0%
Twitter, Inc.	-1.0%
Total % of Portfolio	**-10.4%**

Markets and Performance

The Crossmark Equity Market Neutral model portfolio was up 7.50% in the second quarter, outperforming its ICE BofA 3-month U.S. Treasury Bill benchmark (+0.11%) by 739 basis points. The Strategy continued to benefit from multiple compression in highly valued shorted stocks.

Positive and Negative Contributors to Performance

For the quarter, long positions were down 14.9%, while short positions fell 24.3%. To compare, the Russell 1000 Index equity benchmark was down 16.68%. Short outperformance came from industrials, consumer discretionary, and technology, while long outperformance came from information technology and consumer discretionary. Our best shorts were Amazon (-4.0% of total net assets), Lyft (-0.9% of total net assets), and Wayfair (-6.0% of total net assets), with our worst shorts being Ollie's Bargain Outlet Holdings (-0.9% of total net assets) and Grocery Outlet Holdings (-1.1% of total net assets). Our best longs were General Mills (1.3% of total net assets) and Cigna (1.1% of total net assets), and our worst longs were Kohl's (0.9% of total net assets) and Robert Half International (1.1% of total net assets).

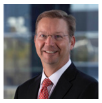
Looking Ahead

Expecting the stock market to shift from multiple compression to earnings, we are taking extra care to analyze the quality of earnings, balance sheets, and management in our stock selection. Currently, our most significant long positions are technology, industrials, and consumer discretionary, with our largest short positions in industrials, information technology, and healthcare. We continue to be net positioned in low price/earnings, high dividend, and high management quality stocks with a down beta bias.

[1] Model Portfolios are based on a hypothetical account managed during the current quarter. Actual characteristics and income may differ materially from model. As of 6/30/2022.

SMALL CAP GROWTH
Commentary

Separately Managed Account



written by
Brent Lium, CFA® Managing Director – Head of Equity Investments

Small Cap Growth
Top 10 Model Holdings[1]

Shockwave Medical, Inc.	2.5%
National Storage Affiliates	2.5%
Qualys, Inc.	2.5%
Clearway Energy, Inc.	2.3%
HealthEquity, Inc.	2.2%
World Wrestling Entertainment, Inc.	2.0%
Sensient Technologies Corp.	2.0%
DigitalBridge Group, Inc.	1.8%
Halozyme Therapeutics, Inc.	1.8%
R1 RCM, Inc.	1.8%
Total % of Portfolio	**21.4%**

Markets and Performance

The second quarter of 2022 was one of the worst quarters in years, as the market started to fear a recession (and, potentially, stagflation). The Federal Reserve signaled they would do whatever it takes to get a handle on inflation, even if they cause a recession. The Russell 2000 Growth Index hit bear market territory in the second quarter, ending with a return of -19.26% and -29.46% year-to-date. The Crossmark Small Cap Growth model portfolio returned -19.85% for the quarter, underperforming the Russell 2000 Growth Index by 0.59%.

Positive and Negative Contributors to Performance

The Strategy's top contributors during the period were Lamb Weston (1.5% of total net assets), up 19.74%, Calavo Growers (1.8% of total net assets), up 14.46%, and World Wrestling Entertainment (2.0% of total net assets), up 0.27%. Lamb Weston, a growing frozen potato food manufacturer, and Calavo Growers, a leading avocado producer and processor, benefitted from similar trends. Both are returning to more normal operations after massive COVID disruptions, supply chain issues, and spiking commodity costs. World Wrestling Entertainment had a strong earnings report with continued growth.

The Strategy's bottom contributors during the period were OutSet Medical (0.6% of total net assets), down 62.27%, Navitas Semiconductors (0.7% of total net assets), down 62.45%, and Chegg (1.0% of total net assets), down 48.24%. Outset Medical, a maker of mobile dialysis equipment, reported disappointing earnings and had to put one of their dialysis machines on shipping hold as the FDA reviews changes the company made to the machine. We believe the changes will be approved shortly, and the long-term thesis will remain unchanged. Navitas Semiconductor, a leading semiconductor manufacturer for the next-generation power control market, suffered like most early-stage (and currently unprofitable) companies. The troubles at Chegg continued into this quarter as demand for their education services took a big hit – enrollment in higher education has pulled back over the last year.

Looking Ahead

Looking ahead, we expect the market to continue to be volatile. COVID fears are finally starting to fade as it seems to have moved to an endemic phase. Still, the market continues to grapple with inflation, a slowing economy, recession fears, global supply chain issues, Russia/Ukraine conflict, etc. We continue to focus on our key investment pillars of companies with visible and durable growth trends, robust business models, and healthy balance sheets.

[1] Model Portfolios are based on a hypothetical account managed during the current quarter. Actual characteristics and income may differ materially from model. As of 6/30/2022.

ISRAEL IMPACT
Commentary

Separately Managed Account

written by
Ryan Caylor, CFA® Portfolio Manager – Head of Research

Israel Impact
Top 10 Model Holdings[1]

Apple, Inc.	6.9%
Microsoft Corp.	6.4%
Alphabet - Class A	4.4%
Amazon.com, Inc.	3.0%
Berkshire Hathaway, Inc.	2.7%
Johnson & Johnson	2.4%
Procter & Gamble	2.2%
Coca Cola Co.	2.1%
Anthem, Inc.	2.1%
JP Morgan Chase & Co.	1.9%
Total % of Portfolio	**34.1%**

[1] Model Portfolios are based on a hypothetical account managed during the current quarter. Actual characteristics and income may differ materially from model. As of 6/30/2022.

Markets and Performance

For the three months ended June 30, 2022, the total return for the Israel Impact model portfolio was -16.49%, trailing its benchmark (the S&P 500 Index) by 0.38%. Given the current composition of the S&P 500 Index, and using our Barra U.S. Long Term multi-factor risk model, we target a range between +/-140 to +/-180 basis points (bps) of estimated tracking error (also called "active risk") to the benchmark on an annual basis. At the end of the second quarter, the model portfolio was sitting at +/- 160 bps of active risk. While we will be the first to admit that outperformance is always better than underperformance (even for an indexed-type product), the model's actual realized tracking error last quarter (-38 bps), if annualized, was well within our expected target range. With all this said, it was a rough quarter for the model portfolio, for the stock market, for bonds, and basically everything except cash.

Positive and Negative Contributors to Performance

The model portfolio continues to be the most underweight in utilities, real estate, and energy. Currently, only one holding (Chevron in the energy sector) spans all three. Sectors contributing the most to relative quarterly performance against the S&P 500 Index benchmark were technology (overweight), communication services (overweight), and materials (underweight). Additionally, our strategic decision to not reinvest cash from dividend income during this down market (until we believe a market bottom is close) positively contributed to relative performance. Sectors detracting most from relative performance were consumer discretionary (overweight), energy (underweight), and healthcare (overweight).

Equity holdings contributing the most to relative quarterly performance were Coca-Cola (2.1% of average total net assets), Elevance Health (previously Anthem - 2.1% of average total net assets), and AT&T (1.1% of average total net assets). Equity holdings detracting the most from relative performance were Amazon (3.0% of average total net assets), Berkshire Hathaway (2.7% of average total net assets), and Alphabet (4.4% of average total net assets).

Looking Ahead

As a reminder, the Israel Impact model portfolio is a thematic indexed product that provides U.S. large-cap equity exposure and a risk/return profile similar to its U.S. large-cap benchmark. However, our portfolio is unique because we do so by investing only in U.S. companies that are proactively and positively engaged with the Israeli economy. Positive engagement must be recent and/or ongoing, including direct investment, local partnerships, research and development, private acquisitions, and/or ongoing employment. We have partnered with a third-party research firm in Tel Aviv to assist us on an ongoing basis in sourcing publicly traded U.S. companies that meet these engagement criteria. We also do our due diligence to corroborate and verify the third-party findings while conducting internal research on prospective company additions and deletions to the portfolio. Regarding portfolio construction, we leverage the same fundamental multi-factor risk model and optimization processes that we have used to manage custom institutional equity indexation portfolios and indexed mutual fund portfolios at Crossmark for the past 30 years.

TAXABLE FIXED INCOME

Separately Managed Accounts

(Core Fixed Income, Corporate Fixed Income, Current Income Portfolio, Intermediate Fixed Income, and Income Opportunities)

Commentary

written by

Victoria Fernandez, CFA® Chief Market Strategist

Markets and Performance

At the beginning of the year, Crossmark spoke about the expectation for a very volatile 2022. The second quarter lived up to that prediction, with both equity and fixed income markets experiencing historic swings as inflation surprised to the upside, economic reports began to moderate, growth slowed, and central banks around the globe began hiking rates and reducing bond purchase programs. We saw 10-year Treasury yields hit their highest levels of 2022 at 3.50%, then fall below 3.00% by quarter-end as growth concerns hovered over the markets. The inflation versus growth headlines will continue to dominate until the Federal Reserve raises rates to a point where markets believe financial conditions have tightened enough to slow the economy and calm inflation fears; the hope is we have a slowdown and not a recession. In this environment, all but one of the Crossmark taxable fixed income model portfolios outperformed their respective benchmarks during the second quarter.

Positive and Negative Contributors to Performance

With a slowing economy, inflation fears still high, and consumers still supporting demand, Crossmark maintained its more conservative positioning in the taxable fixed income strategies with a shorter duration. However, following the peak in yields earlier in the quarter, we have begun moving duration closer to neutral. Reducing our exposure to the changes in interest rates allows us to mitigate some of the volatility in the markets. The duration positioning was the largest contributor to the outperformance of our taxable model portfolios, followed by the income effect and the yield curve placement of our holdings. The main negative contributor to performance came from the allocation effect, primarily due to our under-allocation to U.S. Treasury notes as yields came down from the 3.50% level. For the Current Income Portfolio (CIP) Strategy, the combination of poor performance by one of our tech holdings (Oracle), and the preferred allocation, led this model portfolio to underperform its benchmark index by 64 basis points last quarter. Even though there was volatility in the preferred sector, the income component was the most significant positive contributor to performance for the quarter in the CIP model portfolio.

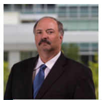
Looking Ahead

The markets eagerly await subsequent inflation reports and central bank meetings. These should determine sentiment and momentum going forward. We anticipate yields may move higher from the approximately 3.0% level currently reflected in the 10-year Treasury but may become range-bound between 3.00% and 3.25%, with the 3.50% peak from earlier this quarter serving as a strong resistance level. If inflation expectations begin to recede over the coming months, we could see the Federal Reserve soften their hiking plans, allowing fixed-income yields to moderate. In anticipation of such a move later this year, we plan to continue moving our duration closer to neutral (although still shorter than the Index) to be well-positioned for that environment. Quality is key, and we will continue to favor investment-grade securities with solid balance sheets that can better withstand volatile markets. In addition, our 4-step investment process focused on duration, yield curve placement, sector, and security selection remains in place. This should allow us to be prepared for a shift in the market environment as we move into the second half of the year.

MUNICIPAL FIXED INCOME

Commentary

Separately Managed Account



written by

Patrick Garboden, Sr. Portfolio Manager

Markets and Performance

Municipal bonds have experienced the worst start to a year since 1980 as the highest inflation in 40 years has caused dramatic swings in volatility. Municipal bond mutual funds have witnessed net outflows for eighteen of the last nineteen weeks totaling over $83 billion, according to Bloomberg indexes. Bids from municipal bond mutual funds (the equivalent of an auctioneer requesting the best price for a bond from a large audience) surged 50 percent to a daily average of $1.56 billion on fund outflows in the second quarter. According to ICI data, this is an increase of 250 percent over the first quarter. The municipal bond index posted a loss of 9.64% year-to-date.

Positive and Negative Contributors to Performance

The Crossmark Municipal Fixed Income model portfolio posted a loss of 0.62% for the quarter ending June 30, versus a loss of -0.926% for the Bloomberg Quality Intermediate Municipal Index. Investing in high-quality credit with a premium coupon positively contributed to the model portfolio's performance. Lower coupon bonds in the index declined more than premium coupon bonds held in the model, as municipal bond rates were volatile within a trading range during the quarter. The shorter duration positioning of the Strategy was also a positive contributor to performance versus the index last quarter as the Federal Reserve delivered a 75-basis point rate increase in an attempt to slow high inflation. The shorter duration of the municipal bond market was heavily preferred during the second quarter as investors took a wait-and-see approach to the Fed tightening cycle in its battle with inflation.

Looking Ahead

Volatility in municipal bonds has created an oversold sector. This could be an opportunity to acquire municipal bonds at favorable levels for separately managed accounts and patient investors. July and August are the second and third largest months of the year for redemptions from matured, pre-refunded called bonds and interest. July will post $41.5 billion, and August will be just shy of $40 billion redeemed, possibly creating a buyer-heavy tone. The offset could be the Federal Reserve and how they react to current inflation numbers in the quarter. A segment to watch in the overall picture of inflation is wages. Wages are sticky; once they tick higher, they generally don't come back down for an extended period. The July expiration of contracts for the International Longshore and Warehouse Union and more than 70 employers represented by the Pacific Maritime Association (covering dockworkers across 29 ports in California, Oregon, and Washington) is a risk for strikes, lockouts, or work stoppages. Meanwhile, major railroad labor unions have unsuccessfully negotiated contracts for two years. Trucking at the ports has been inconsistent – productivity has eroded, with container warehouse storage vacancy at just 0.30%, yet workers are feeling the pinch from inflation at 40-year highs and past anemic wage increases. If there are work stoppages, it could lead to more supply chain issues (supporting inflation). If wages are negotiated higher, this will also support higher inflation. This uncertainty by itself could increase yield volatility in the third quarter.

Crossmark continues to find value in the secondary municipal market with bonds rated A or better by Moody's, Standard & Poor's, or Fitch at the time of purchase. We seek bonds involved with essential services like water, sewer, power, streets, highways, public education, and general obligations. Our Strategy focuses on maturities in the seven to twenty-year range with call features between 2025 and 2029. The municipal bond yield curve has steepened in three to seven-year maturities, making these calls an ideal area of focus during volatile periods. The Strategy will continue to utilize shorter duration positioning than the benchmark index as the Federal Reserve continues its rate hike battle with inflation. We will focus on higher-quality municipalities to move duration longer as the interest rate curve normalizes.

Our Firm

Crossmark Global Investments is a faith-based firm that creates, manages, and distributes values-based investment strategies that equip financial intermediaries and their clients to align their wealth with their passions and convictions. For over 30 years, the firm has delivered uniquely constructed products based on its proprietary, disciplined, and repeatable process. Founded in 1987, the firm is headquartered in Houston, Texas. For more information visit: www.crossmarkglobal.com.

Contact a member of our Advisor Solutions Team

advisorsolutions@crossmarkglobal.com | 888.845.6910

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All Investments are subject to risks, including the possible loss of principal. Past performance does not guarantee future results. The Strategies 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).

Small-cap investments may be subject to smaller companies risk. Stocks of smaller, less seasoned companies are generally subject to greater price fluctuations, less liquidity, higher transaction costs, and higher investment risk than those of larger, more seasoned issuers. Smaller companies may have limited product lines, markets, or financial resources, and they may be dependent on a limited management group or lack substantial capital reserves or an established performance record. There is generally less publicly available information about such companies than for larger, more established companies.

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.

Options are not suitable for every investor. Writing call options to generate income and to potentially hedge against market declines by generating option premiums involves risk. These risks include, but are not limited to, potential losses if equity markets or an individual equity security do not move as expected, and the potential for greater losses than if these techniques had not been used. If the market price of a security increases, a call option written against that security limits the gain that can be realized. And, there are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives.

The Equity Market Neutral Strategy also exposes the investor to short sale risk. An investor's account would incur a loss as a result of a short sale if the price of the security sold short increases in value between the date of the short sale and the date on which the account purchases the security to replace the borrowed security. In addition, the securities sold short may have to be returned to the lender on short notice, which may result in the account having to buy the securities sold short at an unfavorable price to close out a short position. If this occurs, any anticipated gain to the account may be reduced or eliminated, or the short sale may result in a loss.

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). Many municipal bonds also include call features that allow the issuer to call the bonds—repaying the principal before maturity—usually done in the context of a refinancing transaction if/when interest rates fall. When a bond is called, the holder does not incur a loss, but cash received from the call must be re-deployed, generally in a less favorable interest rate environment (call 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. With respect to Equity Market Neutral, the values-based screening policies apply only to long positions.

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.

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