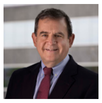
SMA STRATEGY COMMENTARIES

QUARTERLY UPDATE: 3Q 2022

ECONOMIC & MARKET
Commentary



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

EQUITY MARKETS (INDEX TOTAL RETURN)	Q3 2022	YTD
DJIA	-6.17%	-19.72%
S&P 500	-4.88%	-23.87%
NASDAQ	-3.91%	-32.00%
RUSSELL 2000	-1.59%	-24.65%
RUSSELL 1000 GROWTH	-3.59%	-30.66%
RUSSELL 1000 VALUE	-5.61%	-17.75%

S&P EQUITY SECTORS (INDEX TOTAL RETURN)	Q3 2022	YTD
COMMUNICATION SERVICES	-12.72%	-39.04%
CONSUMER DISCRETIONARY	4.36%	-29.89%
CONSUMER STAPLES	-6.62%	-11.83%
ENERGY	2.35%	34.94%
FINANCIALS	-3.10%	-21.25%
HEALTHCARE	-5.18%	-13.08%
INDUSTRIALS	-4.72%	-20.72%
INFORMATION TECHNOLOGY	-6.21%	-31.44%
MATERIALS	-7.13%	-23.74%
REAL ESTATE	-11.03%	-28.85%
UTILITIES	-5.99%	-6.51%

Source: Bloomberg as of 9/30/22

Central Banks Seem Determined to Slay Inflation (and Likely Cause a Recession)

Stocks and bonds both declined for the third consecutive quarter, the longest streak in almost 50 years. The S&P 500 fell 5.3%, ten-year Treasury yields rose 85bps and two-year yields rose 130bps resulting in the most inverted yield curve in several decades. The dollar rose for the fifth straight quarter, increasing 7%, the largest quarterly gain in nearly 8 years. The big story for the quarter was the tightening of financial conditions driven by expectations of a more aggressive global rate hike cycle leading to increased fears of recession. A second overhang that will be watched in Q4 is the risk that earnings expectations may fall. By the end of the quarter, worries surfaced that tighter financial conditions could lead to liquidity or credit problems and a "break" in the system. Crude oil fell more than 20% and gold dropped nearly 8%. Best sectors were consumer discretionary (+4.4%) and energy (+2.4%); worst sectors were communication services (-12.7%) and REITS (-11.0%).

The world has entered a high-risk zone as a consequence of the largest rise in inflation in 40 years, rising policy rates, several developed market countries having excessive debt levels, some poorly-timed fiscal actions and the awakening of the bond vigilantes. The key driver of global demand (the U.S.) deleveraged last decade and is still on reasonably solid footing, and thus can absorb much of the current and expected increase in borrowing rates. However, that is not true for all parts of the world. Global markets (especially fixed income in the U.K.) have experienced borderline disorder in recent days. That, in turn, is reducing confidence that a recession can be avoided. This activity has pushed the dollar yet higher, causing potentially higher inflation outside the U.S.

Over the coming year, we see two possible economic scenarios playing out in the U.S. The first is that the Fed moves forward with raising rates in line with its new projections, and that the U.S. economy succumbs to a recession. We think this scenario will occur if supply-side and pandemic-related disinflation does not emerge relatively soon. The other outcome is a non-recessionary scenario in which inflation decelerates meaningfully. Unfortunately, the historical "soft

ECONOMIC & MARKET
Commentary (Continued)

INTERNATIONAL EQUITY MARKETS (INDEX NET RETURN)	Q3 2022	YTD
MSCI ACWI	-6.06%	-25.02%
MSCI ACWI EX U.S.	-10.17%	-26.72%
MSCI EAFE	-9.69%	-27.36%
MSCI EM	-11.83%	-27.37%

FIXED INCOME MARKETS (INDEX TOTAL RETURN)	Q3 2022	YTD
BLOOMBERG U.S. AGGREGATE BOND	-4.46%	-14.35%
BLOOMBERG U.S. CORP HIGH YIELD	-0.82%	-14.90%
BLOOMBERG U.S. GOV/CREDIT	-4.37%	-14.93%
BLOOMBERG U.S. T-BILL 1-3 MONTH	0.48%	0.63%

ALTERNATIVES (INDEX TOTAL RETURN)	Q3 2022	YTD
FTSE NAREIT (REAL ESTATE)	-12.16%	-29.03%
DJ COMMODITIES	-4.11%	13.57%
RED ROCKS GLOBAL LISTED PRIVATE EQUITY	-13.98%	-44.35%
DB G10 CURRENCY FUTURES	0.29%	4.12%

Source: Bloomberg as of 9/30/22

landing" record is not on the Fed's side. The odds of a U.S. recession occurring next year have increased. While a tight labor market and robust consumer cash levels have kept a recession from happening, it seems increasingly likely that in 2023 a hard landing will be a result of higher inflation and in turn higher interest rates.

The negative economic growth that occurred in the U.S. in the first half of the year was driven by an export shock in Q1 and a substantially negative contribution to growth from inventories in Q2. During that period, job growth remained quite strong, and consumer spending was growing at a modestly sub-trend pace – patterns that are not consistent with a recession. The U.S. economy has so far managed to absorb higher borrowing costs. Indeed, housing activity has steadily cooled, but consumer confidence is still historically high, propped up by a strong labor market, healthy income gains and still manageable debt servicing. So far, credit spreads are not blowing out as typically occurs heading into a recession, which reflects solid underlying corporate fundamentals. The positive news for investors is that it is too soon to conclude that the U.S. economy is about to enter a recession as a result of a contraction in consumer spending.

Our view coming into the year was that inflation would peak in Q2. We continue to expect inflation to decline from the 8-9% level at that peak to 4-5% on an annualized basis by year-end. Contributors to the decline include the Fed's tightening process intended to slow growth, the significant slowing in money growth, the strength in the dollar, lower commodity prices, and some improvement in supply chain disruptions. Money (M2) growth has fallen from over 25% (y/y) in late 2020 to less than 5% currently. The slowdown in money growth is likely a necessary precursor to getting inflation under control (as its huge growth was a contribution to the inflation problem that now haunts us.)

Fed pivot talk during the summer resulted in a significantly rally in bonds, a 15% rise in the S&P 500, and a 20% rise in the NASDAQ. This has been the most powerful rally so far in this bear market. The pivot talk turned out to be mistaken resulting in a give back (and more) in recent weeks. Financial conditions, have, and will likely continue to remain tight as the Fed has subsequently emphasized a hawkish stance to fight inflation even at the cost of the economic cycle. So far, analysts have only modestly cut earnings expectations for 2022 and 2023. As more and more companies are providing profit warnings due to macroeconomic trends, it is inevitable that expectations will deteriorate, likely causing a broad-based earnings decline.

Fixed Income

The Fed will deliver on its projected rate hikes in the next two meetings but could pause by Q1 of next year to assess the impact on the economy. This would open a window for bond yields to consolidate from oversold levels. The government bond bear market is now becoming more advanced, but cyclical risks will remain to the upside for yields until there is evidence that underlying inflation pressures are abating and/or the global economy is weakening further in response to higher interest rates. Government bond valuations have improved materially, but bonds are still far from being cheap. Near-term, bonds are oversold and therefore, increasing duration modestly (but remaining below benchmark) may be in order.

ECONOMIC & MARKET
Commentary (Continued)

Equities

Stocks have retraced their late-summer gains as investors came to the realization that they jumped the gun on the disinflationary narrative in reaction to the July CPI release. The recent revisions to the FOMC's expected path of interest rates at its September meeting prompted an acceleration of the selloff. Equity investors have been justified in selling stocks in reaction to the Fed's projected rate path. Based on the Fed's "new normal" view of the neutral rate of interest, which is also shared by many investors, the new projected path for the Fed funds rate will move monetary policy into the most restrictive territory of the past three decades.

Equities will likely continue to face headwinds as economic and earnings expectations decline even as the Fed pushes interest rates into restrictive territory. That said, equities have been de-rated aggressively this year. It is possible, if not likely, that absent a liquidity or credit accident, equities have limited downside risk, but in the near-term, probably not much upside potential. While there has been a lot of volatility, equity downside in Q3 has been less than in Q1 and Q2. We may be entering a period of a broad trading range, frustrating both the bulls and the bears.

Commodities and Currencies

Commodity prices have sold off significantly over the past several months, with energy, precious metals, and industrial metals prices all below their 200-day moving averages. The selloff in commodities now represents the largest decline since the early days of the pandemic. The recent weakness in energy prices, in the face of obvious risks to supply, reflects mounting concerns over demand. We expect the supply risk will eventually lead to higher prices again. We expect that cyclically-sensitive commodity prices will remain under pressure while the odds of a U.S./global recession remain elevated.

The U.S. dollar has appreciated by over 25% since the beginning of 2021, a concerning development for U.S. equity investors. S&P 500 companies derive roughly 40% of sales from abroad and the strong dollar is a headwind. Not only does an appreciating domestic currency diminish foreign earnings through a currency translation effect, but it also makes U.S. goods and services more expensive and less competitive in a global marketplace. As the U.S. continues to tighten monetary conditions, it will sustain the strong dollar and maintain pressure on other central banks to tighten. Over the past few months, a number of U.S. multinationals have cited the adverse effect of the strong greenback on their sales and earnings.

Conclusion

1. Economic growth is slowing globally, but not collapsing.
2. The U.S. economic foundation is solid (consumer, corporate, jobs).
3. The Fed will likely move rates into restrictive territory by year-end.
4. The probability of recession in 2023 has increased.
5. Inflation peaked in Q2 and will fall irregularly to 4-5% by year-end.
6. Earnings expectations are too high.
7. Bond and stock valuations have improved significantly but are still not cheap.
8. TINA for equities is no longer valid.
9. Equities likely have limited further downside, but not much upside potential either.
10. A true equity market bottom ("THE" bottom) likely requires signs of capitulation.

Source: BCA Research, MRB Partners, FactSet

GLOBAL EQUITY INCOME
Commentary

Separately Managed Account

written by
John Wolf, Managing Director

Top 10 Crossmark Global Equity Income Model Account Holdings[1]	
Cigna Corp.	3.3%
McDonald's Corp.	2.7%
Texas Instruments, Inc.	2.4%
Paychex, Inc.	2.3%
CVS Caremark Corp.	2.1%
Petrobras Brasileiro S.A.	2.1%
Coca Cola Co.	2.0%
Kellogg Co.	2.0%
AbbVie, Inc.	2.0%
Quest Diagnostics, Inc.	2.0%
Total % of Portfolio	**22.9%**

Markets and Performance

Performance for the global equity markets overall returned negative results for the third quarter. The Global Equity Income benchmarks (the S&P Global 1200 Index and the S&P 500 Index) ended the quarter with returns of -6.81% and -4.89%, respectively. Dividend stocks overall underperformed the general equity market. For global dividend index comparison purposes, the MSCI World High Dividend Yield Index returned -8.99%. The Global Equity Income model portfolio underperformed the S&P Global 1200 Index but slightly outperformed the MSCI World High Dividend Yield Index for the quarter returning -8.78%.

Positive and Negative Contributors to Performance

Positive relative performance for the quarter was led by Petroleo Brasileiro SA (2.1% of total net assets) which jumped 25.49% on strong second quarter earnings that beat analyst estimates. Higher oil prices and solid downstream results more than offset rising costs. The company is riding high on its impressive portfolio particularly in the country's pre-salt reservoirs. This will allow the company to maintain its high production growth profile for many years to come. Management's cost containment efforts and divestment plans have also helped improve its debt profile over the past few quarters. Williams-Sonoma, Inc. (1.5% of total net assets) shares climbed 6.81% and are outperforming their industry peers as the company has been benefitting from the enhancement of its e-commerce channel and real estate optimization strategies. Earnings and revenue have beat analyst estimates on strength across all its brands along with accelerated e-commerce growth. Management has currently been safely navigating supply chain woes along with material and labor shortages. The company has also increased its quarterly dividend by 10% and has authorized a new $1.5 billion stock repurchase plan.

Negative contributors to relative performance included HP Inc. (1.8% of total net assets) which fell -23.27% as quarter results missed estimates and forward guidance was lowered. Weaker consumer demand due to the overall current macro environment combined with continued components shortages and supply constraints pressured results. Commercial spending behavior has also started to become more cautious. While the short-term outlook is weak, the longer-term demand forecast is much more favorable and will be driven by the now accepted hybrid work from home model as well as increased virtual interaction going forward. Shares of Canadian based information management software provider Open Text Corp, (1.2% of total net assets) dropped -29.57% after announcing plans to acquire Micro Focus for $6 billion. Positives to the acquisition include a good purchase price that reflects a low price to earnings multiple. Negatives include a higher risk relating to the additional debt required to fund the acquisition. Also, Micro Focus would not increase the overall organic growth rate once the two companies are combined. Further analysis will be required as more information becomes available.

Looking Ahead

Inflation and the Federal Reserve are clearly the near term primary economic drivers with interest rates rising at a rate not seen in decades. The higher rates will slow the economy and likely reduce corporate earnings at the same time. This will continue to put pressure on the equity markets until inflation indicators begin to cool and the current tightening of monetary policy can come to a foreseeable end. Global Equity Income's dividend strategy is well positioned in this environment with its lower than market risk profile and its higher current income yield to ride out this period of increased market volatility.

[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 9/30/2022.

COVERED CALL INCOME
Commentary

Separately Managed Account

written by
Paul Townsen, Managing Director – Portfolio Manager

Top 10 Crossmark Covered Call Income Model Account Holdings[1]	
Apple, Inc.	4.6%
NVIDIA Corp.	4.0%
Merck & Company	3.8%
Electronic Arts, Inc.	3.8%
Amazon.com, Inc.	3.7%
Morgan Stanley	3.5%
Microchip Technology, Inc.	3.4%
CVS Caremark Corp.	3.2%
Coca Cola Co.	3.1%
Bank of America Corp.	3.0%
Total % of Portfolio	**36.1%**

Markets and Performance

Equity markets rallied in July, driven by resilient corporate earnings before turning lower and registering negative returns for the quarter. Any hopes of interest rate cuts were dashed during the August Jackson Hole summit where the Federal Reserve confirmed its commitment to fighting inflation. The Fed raised the federal funds rate by 75 basis points at the September FOMC meeting, the third consecutive 75 bps increase and signaled rates will continue to rise to levels higher than expected. This sent stocks spiraling during the second half of the quarter. Geopolitical concerns also put pressure on equities in September as Russia escalated the war in Ukraine by announcing a 300,000-person mobilization from the general Russian population. The August CPI report, which was released in September, showed a slight increase in prices, implying that inflation was not declining as rapidly towards the Fed's target number as anticipated. Ultimately the move higher in July and early August was nothing more than a "Bear Market Rally". Markets will continue to remain volatile until there is some relief from all of these headwinds. The Crossmark team took advantage of all the volatility during the third 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 Crossmark Covered Call Income model portfolio outperformed the primary benchmark of the BXM as well as the S&P 500 during the third quarter returning -2.12%, -7.59%, and -4.89%, respectively. The option overlay was the biggest contributor to return along with the model's sector neutral approach during the third quarter. Financials, energy and healthcare sectors had positive contributions to return from a sector standpoint. Some individual stocks that had a strong positive contribution to return during the quarter were Starbucks (SBUX) (2.8% of total net assets), Microchip Technology (MCHP) (3.4% of total net assets), Marathon Petroleum (MPC) (2.2% of total net assets), Morgan Stanley (MS) (3.5% of total net assets) and Wal-Mart (WMT) (2.9% of total net assets). Industrials and communication services were among the weakest performing sectors during the quarter with Western Digital (WDC) (1.8% of total net assets), Verizon (VZ) (2.1% of total net assets) and Comcast Corp. (CMCSA) (1.9% of total net assets) generating negative contributions to return during the third quarter.

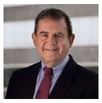
Looking Ahead

The combination of high inflation, sharply rising interest rates, growing recession risks, and rising geopolitical tensions will most certainly keep volatility front and certain as we enter the final quarter of the year. Corporate earnings results will start to hit the street in October. Despite high inflation and lingering supply chain issues, the majority of Q2 earnings beat estimates and were holding up much better than expected. Could we potentially see a replay with Q3 results? Let us hope for a less-aggressive Fed and resilient corporate earnings entering the fourth quarter. The Crossmark team will continue to look for trading opportunities on the option overlay with the goal of increasing income through call option premiums and reducing overall volatility.

[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 9/30/2022.

LARGE CAP CORE UNSCREENED (Formerly Large Cap Core Growth) Commentary

Separately Managed Account



written by

Robert C. Doll, CFA® Chief Investment Officer

Top 10 Crossmark Large Cap Core Unscreened Model Account Holdings[1]	
Apple, Inc.	7.1%
Microsoft Corp.	5.5%
UnitedHealth Group, Inc.	3.5%
AbbVie, Inc.	3.0%
ConocoPhillips	2.7%
Marathon Petroleum Corp.	2.5%
Elevance Health Inc.	2.5%
Mastercard, Inc.	2.4%
Alphabet Class C	2.4%
Gilead Sciences, Inc.	2.4%
Total % of Portfolio	**34.0%**

Markets and Performance

We have entered a high-risk zone as a consequence of the largest rise in inflation in 40 years, rising policy rates, several developed market countries having excessive debt levels, some poorly-timed fiscal actions and the awakening of the bond vigilantes. In this environment, stocks and bonds both declined for the third consecutive quarter, the longest streak in almost 50 years. The Large Cap Core Unscreened model portfolio returned -4.53% in the third quarter, outperforming the Russell 1000 Index that returned -4.61% by 8 basis points. Outperformance came primarily from stock selection.

Positive and Negative Contributors to Performance

Best performance came from stock selection in energy (+46bp), and materials (+37bp) as well as overweighting energy (+37bp). This was partially offset by poor performance in technology stock selection and underweighting consumer discretionary. Best stocks were Marathon Petroleum (2.5% of total net assets) and ConocoPhillips (2.7% of total net assets); worst stocks were Dell Technologies (1.4% of total net assets) and Pfizer (2.3% of total net assets). The portfolio benefitted from below benchmark betas, above benchmark yields, and management quality.

Looking Ahead

Economic growth is slowing globally, but it is not collapsing. We do anticipate that the Fed will continue to hike rates and move into restrictive territory by year-end, increasing the probability of a recession in 2023. We expect volatility in both directions in the fourth quarter. Earnings are likely to disappoint as the Fed continues to tighten, raising the recession probability ever higher. Our largest overweighted sector is healthcare while we are underweighted industrials and utilities. Economic growth is slowing globally, but it is not collapsing. We do anticipate that the Fed will continue to hike rates and move into restrictive territory by year-end, increasing the probability of a recession in 2023.

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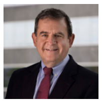
LARGE CAP EQUITY STRATEGIES (Large Cap Core, Large Cap Growth, and Large Cap Value) Separately Managed Accounts Commentary



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

Top 10 Crossmark Large Cap Core Model Account Holdings[1]	
Microsoft Corp.	6.4%
Apple, Inc.	4.9%
Visa, Inc.	2.7%
CVS Caremark Corp.	2.7%
Cigna Corp.	2.6%
General Mills, Inc	2.5%
Mastercard, Inc.	2.5%
Gilead Sciences, Inc.	2.5%
Elevance Health, Inc.	2.5%
MetLife, Inc.	2.5%
Total % of Portfolio	**31.8%**

Top 10 Crossmark Large Cap Growth Model Account Holdings[1]	
Apple, Inc.	11.8%
Microsoft Corp.	11.2%
Alphabet Class A	4.0%
Amazon.com, Inc.	3.8%
Visa, Inc.	3.7%
Mastercard, Inc.	3.3%
Home Depot, Inc.	3.1%
American Tower Corp.	2.6%
Amgen, Inc.	2.5%
McKesson Corp.	2.5%
Total % of Portfolio	**48.5%**

Top 10 Crossmark Large Cap Value Model Account Holdings[1]	
ConocoPhillips	3.1%
Marathon Petroleum Corp.	2.8%
CVS Caremark Corp.	2.8%
Elevance Health, Inc.	2.7%
Biogen, Inc.	2.6%
Cisco Systems, Inc.	2.6%
Aflac, Inc.	2.6%
Cigna Corp.	2.6%
McKesson Corp.	2.6%
MetLife, Inc.	2.6%
Total % of Portfolio	**27.0%**

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Markets and Performance

We have entered a high-risk zone as a consequence of the largest rise in inflation in 40 years, rising policy rates, several developed market countries having excessive debt levels, some poorly-timed fiscal actions and the awakening of the bond vigilantes. In this environment, stocks and bonds both declined for the third consecutive quarter, the longest streak in almost 50 years. The Russell 1000, Russell 1000 Value and Russell 1000 Growth indices returned -4.61%, -5.62%, and -3.60%, respectively in the third quarter. The Large Cap Growth model portfolio underperformed it's benchmark, the Russell 1000 Growth index, for the quarter returning -4.55%. Both the Large Cap Core and Large Cap Value model portfolios outperformed their respective benchmarks. The Large Cap Core model portfolio outperformed the Russell 1000 index by 3 basis points for the quarter, returning -4.58%. The Large Cap Value model portfolio outperformed the Russell 1000 Value index by 75 basis points for the quarter, returning -4.87%.

Positive and Negative Contributors to Performance

Outperformance in Large Cap Value came primarily from sector selection (overweighting energy and underweighting communication services.) Stock selection was positive in healthcare and energy and negative in technology. Positives in Large Cap Core included stock selection in healthcare and underweighting communication services, offset by stock selection in technology. Large Cap Growth suffered from poor stock selection in technology, overweighting real estate, and underweighting consumer discretionary; this was somewhat offset by good stock selection in healthcare and underweights in healthcare and communication services.

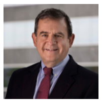
Our best stocks were Biogen (2.3% of total net assets), Marathon Petroleum (2.8% of total net assets), and ConocoPhillips (3.1% of total net assets); worst stocks were Dell Technologies (1.5% of total net assets), Intel (1.3% of total net assets) and HP, Inc. (1.6% of total net assets). The portfolios benefitted from below benchmark betas, above benchmark yields, and management quality.

Looking Ahead

Economic growth is slowing globally, but it is not collapsing. We do anticipate that the Fed will continue to hike rates and move into restrictive territory by year-end, increasing the probability of a recession in 2023. We expect volatility in both directions in the fourth quarter. Earnings are likely to disappoint as the Fed continues to tighten, raising the recession probability ever higher. Our largest overweighed sector remains technology, with an emphasis on software and services. Our largest underweighted sectors are communication services and utilities.

EQUITY MARKET NEUTRAL
Commentary

Separately Managed Account



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

Top 10 Crossmark Equity Market Neutral Model Account Long Holdings[1]	
American Express Co.	1.2%
Leggett & Platt, Inc.	1.2%
Lowe's Companies, Inc.	1.2%
Ryder System, Inc.	1.2%
TopBuild Corp.	1.2%
Dropbox, Inc.	1.2%
Regions Financial Corp.	1.2%
Cadence Designs Systems, Inc.	1.2%
Discover Financial Services	1.2%
Electronic Arts, Inc.	1.2%
Total % of Portfolio	**12.0%**

Top 10 Crossmark Equity Market Neutral Model Account Short Holdings[1]	
First Citizens Bancshares NC	-1.3%
Boston Beer, Inc.	-1.1%
Stryker Corp.	-1.0%
Monster Beverage Corp.	-1.0%
IAC/InterActiveCorp	-1.0%
Certara, Inc.	-1.0%
Masimo Corp.	-1.0%
ICU Medical, Inc.	-1.0%
Constellation Energy Corp.	-1.0%
Enviva, Inc.	-1.0%
Total % of Portfolio	**-10.4%**

Markets and Performance

We have entered a high-risk zone as a consequence of the largest rise in inflation in 40 years, rising policy rates, several developed market countries having excessive debt levels, some poorly-timed fiscal actions and the awakening of the bond vigilantes. In this environment, stocks and bonds both declined for the third consecutive quarter, the longest streak in almost 50 years. The Equity Market Neutral model portfolio returned +0.80% in the third quarter, outperforming its ICE BofA 3-month U.S. Treasury Bill benchmark (that returned +0.46%) by 34 basis points. The strategy continued to benefit from multiple compression in highly-valued shorted stocks.

Positive and Negative Contributors to Performance

For the quarter, our long positions were down 4.5%, while our short positions fell 6.6%. (The Russell 1000 equity benchmark was down -4.61%.) The outperformance for the short holdings came from consumer discretionary, consumer staples and financials. The outperformance from the long positions came from energy and financials. Our best performing short positions were Spectrum Brands (-0.9% of total net assets), Sotera Health (-0.3% of total net assets), Scotts Miracle Gro (-0.8% of total net assets) and AppLovin Corp (-0.4% of total net assets), while our best performing long positions were Biogen (1.1% of total net assets), and H&R Block (1.1% of total net assets),.

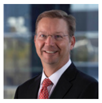
Looking Ahead

Economic growth is slowing globally, but it is not collapsing. We do anticipate that the Fed will continue to hike rates and move into restrictive territory by year-end, increasing the probability of a recession in 2023. We expect volatility in both directions in the fourth quarter. Earnings are likely to disappoint as the Fed continues to tighten, raising the recession probability ever higher. We favor below beta, above average yields and high quality companies. Our largest sector exposure in the long portfolio are technology, consumer discretionary and industrials. Our largest sector shorts are technology, industrials and healthcare.

[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 9/30/2022.

SMALL CAP GROWTH
Commentary

Separately Managed Account



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

Top 10 Crossmark Small Cap Growth Model Account Holdings[1]	
Shockwave Medical, Inc.	3.7%
Qualys Inc.	2.8%
HealthEquity Inc.	2.5%
World Wrestling Entertainment	2.3%
Clearway Energy Inc.	2.2%
National Storage Affiliates	2.2%
Lancaster Colony Corp.	1.9%
Academy Sports & Outdoors	1.9%
Iridium Communications, Inc.	1.9%
Sensient Technologies Corp.	1.8%
Total % of Portfolio	**23.2%**

[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 9/30/2022.

Markets and Performance

The market sell-off hit its third quarter in a row marking one of the worst starts to a year in decades. Concerns over a recession, the Fed raising rates, and the Russia/Ukraine conflict have intensified as the year progressed. The Russell 2000 Growth index eeked out a small positive quarter returning +0.24%, while maintaining it's bear market status for the year to date at -29.29%. The Crossmark Small Cap Growth model portfolio had a rough quarter giving up all of the outperformance for the year with a return of -3.23% for the quarter and -29.37% for year to date.

Positive and Negative Contributors to Performance

The strategy's top contributors to performance during the period were Shockwave Medical, up 45.46%, KnowBe4, up 33.23%, and Academy Sports and Outdoors, up 18.87%. Shockwave, with a novel soundwave treatment for artery disease, reported another blow out quarter growing revenue more than 100% year over year. KnowBe4, a security awareness training software company, received an all cash takeover offer from Vista Equity Partners. We believe Vista will raise their offer. Academy Sports and Outdoors, reported a solid quarter easing fears of a consumer slowdown.

The strategy's bottom contributors to performance during the period were Sotera Health, down 62.63%, Calavo Growers (1.4% of total net assets), down 23.90%, and National Storage (2.2% of total net assets), down 16.01%. Sotera Health, a medical device sterilization and lab testing company, unexpectedly lost a lawsuit over emissions from a plant. We exited the position over concerns of additional lawsuits. Calavo Growers, a leading avocado producer and processor, reversed its outperformance from last quarter with disappointing earnings as they continue to struggle with normalizing their business post-covid disruptions. National Storage, a leading self-storage REIT, continued its streak of strong earnings. However, despite the strong fundamentals, its stock suffered due to recession fears and the potential for higher interest rates to slow its growth.

Looking Ahead

Looking forward, we expect the market to continue to be volatile. While there are some overarching concerns with the Russia/Ukraine conflict and the global ramifications, the market seems to waffle between thinking the Fed is done raising rates, aka "peak rates", and thinking we are headed to a recession. We continue to focus on our key investment pillars of investing in companies with visible and durable growth trends, strong business models, and healthy balance sheets.

ISRAEL IMPACT
Commentary

Separately Managed Account

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

Top 10 Crossmark Israel Impact Model Account Holdings[1]	
Apple, Inc.	7.4%
Microsoft Corp.	6.3%
Alphabet Class A	4.2%
Amazon.com, Inc.	3.4%
Berkshire Hathaway, Inc.	2.6%
Coca Cola Co.	2.3%
Johnson & Johnson	2.3%
Tesla Motors, Inc.	2.3%
Chevron Corp.	2.3%
Procter & Gamble	2.2%
Total % of Portfolio	**35.3%**

Markets and Performance

For the three months ended September 30, 2022, the Israel Impact model portfolio (the Model) underperformed its benchmark (the S&P 500 Index) by -1.60% returning -6.49% and -4.89%, respectively. 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 of estimated tracking error (also called "Active Risk") to the benchmark on an annual basis. As of September 30, 2022, the model portfolio was sitting at +/- 175 bps of "Active Risk", which is the higher end of the target range. We'll be the first to admit that outperformance is always better than underperformance (even for an indexed-type product) and the model's actual realized tracking error YTD through September 2022 (-198 bps) is less than ideal – not to mention, slightly higher than our target "Active Risk" band.

Positive and Negative Contributors to Performance

It was once again a rough quarter for the model portfolio, for the stock market, for bonds, for basically everything except cash. However, there were positive contributors to performance based on allocation. Sectors contributing the most to relative quarterly performance against the S&P 500 were real estate (underweight) with the addition of the our first real estate company (SPG), materials (underweight), and health care (overweight). Sectors detracting most from relative performance were communication services (overweight), financials (underweight), and technology (overweight).

Equity holdings contributing the most to relative quarterly performance were Regeneron (REGN, 1.2% of average total net assets), Walmart (WMT, 1.5% of total net assets), and Chevron (CVX, 2.3% of total net assets). Equity holdings detracting the most from relative performance were Verizon (VZ, 1.2% of total net assets), AT&T (T, 0.9% of total net assets) and FedEx (FDX, 0.4% of total net assets).

The model portfolio continues to be most underweight utilities, real estate, and energy. We recently made some changes to the portfolio holdings in early August – dropping names with waning involvement in Israel like AbbVie (ABBV), Danaher (DHR), and Pfizer (PFE) and adding companies with more recent and material engagements like Kraft-Heinz (KHC) (0.4% of total net assets), Mastercard (MA) (1.1% of total net assets), YUM Brands (YUM) (0.8% of total net assets), and Simon Property Group (SPG) (0.6% of total net assets). All-in, the portfolio went from 105 names to 99 names currently. With continued volatility in the markets, we are actively considering further changes to right-size the portfolio for the uncertain times ahead.

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 that of its U.S. Large Cap benchmark. What differentiates Israel Impact from other U.S. Large Cap indexed portfolios is that we only invest in U.S. companies that are proactively and positively engaged with the Israeli economy. Positive engagement must be recent and/or ongoing, and includes things like direct investment, local partnerships, research & development, private acquisitions, and/or ongoing employment. We've partnered with a 3rd party research firm in Tel Aviv to assist us on an ongoing basis in sourcing publicly traded U.S. companies that meet the above Israeli engagement criteria. We also do our own due diligence to corroborate and verify the 3rd party's findings, while conducting our own internal research on prospective company additions and deletions to the portfolio. As it relates to portfolio construction, we leverage the same exact fundamental multi-factor risk model and optimization processes that we've used to manage custom institutional equity indexation portfolios and indexed mutual fund portfolios at Crossmark for the past 30 years.

[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 9/30/2022.

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

The third quarter of 2022 continued to have a tremendous amount of volatility, especially in the fixed income markets. Yields reached new highs for the year with large daily moves as the markets attempt to determine the rate hike path of not just the Federal Reserve, but all central banks around the globe. Following a higher than expected inflation report during the quarter, coupled with a still strong labor market and central banks determined to tighten financial conditions, we have seen U.S. 10yr yields move back towards 4.00%. This brought in buyers and those covering shorts which has kept yields in the 3.50-4.00% range as of late. In this environment, the Crossmark taxable fixed income model portfolios outperformed their respective indices for both the quarter and YTD. The one exception was the Crossmark Current Income Portfolio that slightly underperformed the benchmark for the quarter mostly due to the fixed-rate preferred allocation.

Positive and Negative Contributors to Performance

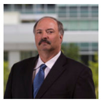
The largest positive contributors to outperformance for the taxable fixed income strategies came from three different effects – duration, selection and income. The shorter duration positioning was the largest positive contributor to outperformance as we maintained less interest rate exposure as compared to the strategy benchmarks while yields across the curve moved higher throughout the quarter. In addition, our selection of bonds within the corporate allocation and the increased cash flow from the overweight to corporates as compared to the benchmarks allowed the income component of performance to support outperformance during the quarter. Our yield curve positioning proved to be a drag on performance mostly due to the positioning within the treasury allocation. For the Current Income Portfolio strategy, the longer duration of the fixed-rate preferred holdings was the largest drag on performance versus the benchmark and caused a slight underperformance for the quarter. This effect was somewhat mitigated by the high level of income generated by this sector with income being the largest positive contributor to performance for the Current Income Portfolio model portfolio.

Looking Ahead

The Federal Reserve continues to look for tighter financial conditions to work through the economy which would enable them to take a pause in hiking the Fed Funds rate in their fight against inflation. However, even though we are getting some clues that this may be starting to happen, there are still many signs that the economy remains strong – ISM services, strength in the labor market, slower growth but not demand destruction, higher revisions on consumer spending, and the strong seasonality generally for the 4th quarter. Sprinkle in a mid-term election and there is plenty of room for continued volatility in yields and therefore in the equity markets. In this environment, we will continue to maintain a shorter duration as compared to the broader fixed income market, but will be closer to neutral as we anticipate that U.S. 10yr yields will top somewhere around the 4.00% level for this cycle.

MUNICIPAL FIXED INCOME
Commentary

Separately Managed Account



written by
Patrick Garboden, Sr. Portfolio Manager

Markets and Performance

Municipal bonds have experienced the worst September since February 1980 as the worst inflation in 40 years brings wide swings and volatility. For the quarter, most of July and August were positive but September negative returns were intense. Municipal bond mutual funds have witnessed net outflows totaling over $102.3 billion, according to Bloomberg indexes. The Bloomberg Barclay's Quality Intermediate Municipal index posted a loss of -8.29% YTD. The year to date municipal bond total return is worse than any full year in the ICE municipal index in the 34-year history of the index.

Positive and Negative Contributors to Performance

The Crossmark Municipal Fixed Income model portfolio posted a loss of -1.14% for the quarter ending September 30 versus a loss of -2.44% for the Bloomberg Quality Intermediate Municipal Index. Investing in high-quality credit with a premium coupon positively contributed to the model portfolio's performance as lower coupon bonds in the index declined more than premium coupon bonds held in the model as municipal bond rates were volatile during 3Q22. 3.00% coupon bonds underperformed 5.00% coupon bonds by more than 350 basis points. The shorter duration positioning of the Strategy was also a positive contributor to performance versus the index in 3Q22 as the FOMC delivered 150-basis point rate increases in an attempt to slow stubbornly high inflation. Shorter duration of the municipal bond market was heavily preferred during 3Q22.

Looking Ahead

Municipal bond volatility, primarily from municipal bond mutual funds liquidating large positions has created an oversold sector and could continue to be an opportunity to acquire municipal bonds at favorable levels for Separately Managed Accounts (SMA) and patient investors. Bids wanted for bonds greater than $1,000,000 in size is ranging between 350 to 900 lots per totaling $1.2 billion to $2.9 billion daily with 55% to 70% actually trading. This activity is providing high quality inventory at reasonable pricing to build portfolios. October through December months of the year are mild to moderate for the redemption from matured, pre-refunded, called bonds and interest. October will post $35.3 Billion creating a possible buyer heavy tone early in the month but could fade quickly with so much liquidity available in municipal bond inventory. Last quarter, we suggested watching the overall picture of inflation resulting from wages. Once wages go higher, it generally doesn't come back down for an extended period creating sticky inflation. Contracts for the International Longshore and Warehouse Union and the more than 70 employers represented by the Pacific Maritime Association covering dockworkers across 29 ports in California, Oregon and Washington risks opportunities to strikes, lockouts or work stoppages as the deadline to negotiate a contract expired in July. Meanwhile, major railroad labor unions have successfully negotiated a contract that include a 24 percent wage increase over five-year period between 2020 and 2024, including an immediate 14.1 percent wage increase, $1000 per year for five years of annual payments to pension as well as additional time off for health and personal time. If other wage contracts are negotiated higher then inflation could take another step higher.

Crossmark continues to find value in the secondary municipal market with bonds rated A or better by Moody's, Standard & Poors, or Fitch at the time of purchase and 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 2027 and 2034. The municipal bond yield curve has increased in the five to twelve-year maturities making these call features an ideal area to focus on during volatile periods. The Strategy will continue to utilize shorter duration positioning than the benchmark index as the FOMC continues their rate hike battle with inflation, focusing on higher-quality municipalities with a goal 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.

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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. If the market price of a security increases, a call option written against that security limits the gain that can be realized. And, there can be 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.

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