CROSSMARK GLOBAL INVESTMENTS

QUARTERLY UPDATE: 2Q 2022

EQUITY MARKET NEUTRAL COMMENTARY

Separately Managed Account

written by
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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%**

[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 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.

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 Equity Market Neutral Strategy may not achieve its objective 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).

The Equity Market Neutral Strategy also exposes the investor to short sale risk. An investor's account will 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.

The strategy's 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.

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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