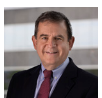
CROSSMARK GLOBAL INVESTMENTS

QUARTERLY UPDATE: 3Q 2021
EQUITY MARKET NEUTRAL COMMENTARY

Equity Market Neutral is a separately managed account investment strategy



written by
Bob Doll, CFA® Chief Investment Officer

Markets and Performance

The Equity Market Neutral model portfolio achieved a very strong quarter (outperforming 90-day T-Bills by 260 basis points) as long positions modestly outperformed the market while short positions fell significantly short. Earnings shortfalls were punished, and we had more than our fair share in our short portfolio. The modest uptick in interest rates and the significant increase in inflation caused high P/E stocks (significantly present in the short component of our model portfolio) to falter.

Positive and Negative Contributors to Performance

Stock selection was the source of our outperformance in the third quarter - allocation efforts were nearly neutral. Shorts contributing more than 25 basis points during the quarter include Boston Beer (-1.00% of total net assets), Vroom (-0.60% of total net assets), Stone Co (-0.50% of total net assets), Grocery Outlet (-0.90% of total net assets), Virgin Galactic (-0.50% of total net assets), Peloton (-0.80% of total net assets), Shoals Technology (-0.80% of total net assets), and Fastly (-0.90% of total net assets). These are predominantly highly valued growth stocks and many experienced fundamental disappointments. Only one short (Moderna (-0.40% of total net assets)) went significantly against us. On the long side, positive performance in Jones Lang LaSalle (1.20% of total net assets) and Dick's Sporting Goods (0.90% of total net assets) aided results.

Looking Ahead

The Equity Market Neutral Strategy is positioned with a cyclical and value overweight. Specifically, the Strategy maintains positive exposure to financials and consumer discretionary and negative exposure to utilities and healthcare. Accordingly, a pickup in economic growth and a rise in inflation/interest rates would benefit this Strategy. Our longs are dominated by lower P/E, economically sensitive growth names; highly valued and high expectation stocks dominate our shorts.

Equity Market Neutral
10 Long Model Holdings [1]

Gartner Group, Inc.	1.2%
Jones Lang LaSalle, Inc.	1.2%
Adobe System, Inc.	1.1%
Ally Financial, Inc.	1.1%
Anthem, Inc.	1.1%
Biogen, Inc.	1.1%
Booz Allen Hamilton Holding	1.1%
CBRE Group, Inc.	1.1%
Deckers Outdoor Corp.	1.1%
Fox Corp.	1.1%

% of Total Portfolio: 11.2%

10 Short Model Holdings [1]

Boeing Co.	-1.1%
Devon Energy Corp.	-1.1%
Horizon Therapeutics PLC	-1.1%
Madison Square Garden Co.	-1.1%
Masimo Corp.	-1.1%
Natera, Inc.	-1.1%
New Residential Investment Corp.	-1.1%
Pioneer Natural Resources Co.	-1.1%
Snowflake, Inc.	-1.2%
TransDigm Group, Inc.	-1.2%

% of Total Portfolio: -11.2%

[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 9/30/2021.

Our Firm

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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.

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