



# GLOBAL EQUITY INCOME

## COMMENTARY | QUARTERLY UPDATE: 1Q 2023

Separately Managed Account



written by **Rob Botard, CFA®** Managing Director – Portfolio Manager

### Top 10 Crossmark Global Equity Income Portfolio Holdings

McDonald's Corporation	2.88%
Cigna Group	2.63%
Texas Instruments, Inc.	2.48%
Quest Diagnostics Inc.	2.05%
Paychex, Inc.	2.01%
ASE Technology Holding Co., Ltd.	2.00%
Coca-Cola Company	1.95%
ABB Ltd.	1.95%
Gilead Sciences, Inc.	1.91%
HP Inc.	1.88%
<b>Total % of Portfolio</b>	<b>21.74%</b>

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

\* Net performance was calculated using the hypothetical highest annual all-inclusive wrap fee of 3.00% by deducting .75% from the last month of each quarter. Gross performance is shown as supplemental information and is stated as pure gross of all fees as the returns have not been reduced by transaction costs. Wrap fees include Crossmark's portfolio management fee as well as all charges for trading costs, custody, and other administrative fees. Due to the effect of compounding, annual returns shown net of fees may be lower than the return that would be shown if the fee were deducted from the gross return at a single point in time.

### Markets and Performance

Performance for the global equity markets overall returned positive results for the first quarter of 2023. The Global Equity Income portfolio benchmark, the S&P Global 1200 Index, ended the quarter with a return of 7.69%. Dividend stocks overall underperformed the general equity market. For global dividend index comparison purposes, the MSCI World High Dividend Yield Index returned 1.66% during the period. The Global Equity Income composite underperformed the S&P Global 1200 Index but outperformed the MSCI World High Dividend Yield Index for the quarter, returning 3.01%.

### Positive and Negative Contributors to Performance

The leading positive contributors to performance included ASE Technology Holding Co. (2.00% of total net assets), Taiwan Semiconductor Manufacturing Co. (1.86% of total net assets), and United Microelectronics Corp (1.44% of total net assets). These three stocks rose 27.1%, 24.9%, and 34.2%, respectively, during the first quarter. In a reversal from the fourth quarter of 2022, our worst performing stock position was Cigna Group (2.63% of total net assets), down 22.9% during 1Q23. Relative to the S&P Global 1200 Index, the Global Equity Income's primary benchmark, underperformance was driven by relative underweights in Apple Inc., NVIDIA Corp., Microsoft Corp., Tesla, and Meta. These stocks were excluded from the composite because they either do not pay a dividend or their dividend yield failed to meet longstanding minimum criteria for the strategy.

### Looking Ahead

The markets entered the new year with optimism that China's reopening coupled with strong economic data and easing inflation could lead to a soft landing. Price inflation and wage growth has moved down quickly, especially when considering how tight the labor market is in the U.S., but has remained higher than Fed targeted levels. Monetary tightening by the Fed during this cycle has led to liquidity issues, most notably at regional banks, but also in other sectors of the market. Rising rates and tighter lending standards have negatively impacted U.S. factories, compounded by weak demand.

As we move forward into the second quarter, many of these issues persist. Uncertainty regarding the direction of monetary policy by central banks around the world will create both turmoil and opportunity in the markets. We will continue to invest in companies with strong, flexible balance sheets that support increasing dividends, favorable earnings growth and free cash flow.

Composite Performance	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Global Equity Income (Wrap) - Gross	3.01%	3.01%	-6.15%	17.39%	7.83%	9.59%
Global Equity Income (Wrap) - Net*	2.25%	2.25%	-9.08%	13.89%	4.60%	6.33%
S&P Global 1200	7.69%	7.69%	-6.00%	16.65%	8.38%	9.38%
MSCI World High Dividend Yield	1.66%	1.66%	-3.38%	12.78%	5.68%	6.28%

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

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

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