



GLOBAL EQUITY INCOME

COMMENTARY | QUARTERLY UPDATE: 4Q 2022

Separately Managed Account



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

Top 10 Crossmark Global Equity Income Portfolio Holdings

Cigna Corp.	3.5%
McDonald's Corp.	2.8%
Texas Instruments, Inc.	2.3%
Quest Diagnostics, Inc.	2.3%
Coca Cola Co.	2.1%
Paychex, Inc.	2.1%
AbbVie, Inc.	2.1%
Gilead Sciences, Inc.	2.0%
Thomson Reuters Corp.	1.9%
Kellogg Co.	1.8%
Total % of Portfolio	22.9%

Markets and Performance

Performance for the global equity markets overall returned positive results for the fourth quarter ending December 31, 2022. The Global Equity Income portfolio benchmarks (the S&P Global 1200 Index and the S&P 500 Index) ended the quarter with returns of 10.58% and 7.56%, respectively. Dividend stocks overall outperformed the general equity market. For global dividend index comparison purposes, the MSCI World High Dividend Yield Index returned 14.41%. The Global Equity Income composite outperformed the S&P Global 1200 Index but underperformed the MSCI World High Dividend Yield Index for the quarter returning 11.39%.

Positive and Negative Contributors to Performance

Positive relative performance for the quarter was led by Cigna Corp. (3.5% of total net assets) which rose 19.41% during the period as quarterly earnings exceeded analyst expectations. The health insurance provider continues to report better than expected membership growth driven by a diversified and expanding product portfolio. Strategic acquisitions are strengthening the company's competitive position as it becomes a one-stop shop for customer healthcare needs. The company is focused on shareholder value, having distributed more than \$6.6 billion to shareholders in the first nine months of this year through dividends and share repurchases. Quest Diagnostics (2.3% of total net assets) shares increased 27.51% as improved pricing and productivity gains offset labor and inflationary challenges. One of the largest providers of commercial laboratory services in North America, the company reported improving trends throughout the quarter as well as a higher mix of advanced diagnostic testing. Quarterly sales beat consensus expectations, even with a year over year decrease in COVID testing revenues, driven by a mid-single digit improvement in its base business as the company continues to expand its consumer-initiated test offerings.

Negative contributors to relative performance included Broadridge Financial Solutions, Inc. (1.2% of total net assets) which decreased 7.06% during the period. The company provides investor communications, such as proxy materials, and technology-driven solutions for the financial services industry. Revenues for the quarter were better than estimates as new business and organic growth improved year over year but earnings missed consensus expectations on higher investment spending. However, management reaffirmed guidance and detailed plans to improve profit margins going forward. C.H. Robinson Worldwide, Inc. (1.7% of total net assets) fell 4.93%. The company, headquartered in Minnesota, engages in freight transportation services and global logistics solutions. Weakness during the quarter was driven by a moderation in freight demand as well as a sharp drop in ocean transport pricing. Despite current challenging macro conditions, the company raised its dividend 10.9% in November.

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.

Looking Ahead

The market is sharply focused on whether or not the U.S. experiences a recession. One of the challenges facing investors is determining the full impact of the monetary tightening that has already occurred domestically and across the globe. Inflationary pressures that have increased wages, transportation, and raw input costs for companies are expected to soften but remain at unacceptable levels – negatively impacting revenues, profit margins, and earnings even for companies with strong balance sheets. This scenario continues to be favorable for a dividend strategy with its lower risk profile and ability to lessen the impact of potential market volatility.

Composite Performance	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Global Equity Income (Wrap) - Gross	11.39%	-10.25%	-10.25%	6.30%	7.12%	10.18%
Global Equity Income (Wrap) - Net*	10.52%	-13.04%	-13.04%	3.09%	3.91%	6.91%
S&P Global 1200	10.58%	-16.83%	-16.83%	5.32%	6.59%	9.33%
MSCI World High Dividend Yield	14.41%	-4.74%	-4.74%	3.33%	4.66%	6.97%

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 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).

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.

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Crossmark claims compliance with the Global Investment Performance Standards (GIPS®). Prospective clients can obtain a GIPS Composite Report by sending a request to: advisorsolutions@crossmarkglobal.com.

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

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