



# Global Equity Income

## Commentary | Quarterly update: 4Q 2023

Separately managed account



Rob Botard, CFA® Managing Director – Portfolio Manager

Top 10 portfolio holdings (%)	
Cigna Group	2.72
McDonald's Corp.	2.69
Gap, Inc.	2.41
ASE Technology Holding Co.	2.08
Skyworks Solutions, Inc.	2.04
Texas Instruments, Inc.	2.00
Abbott Laboratories	1.94
Williams-Sonoma, Inc.	1.94
InterDigital, Inc.	1.91
Analog Devices, Inc.	1.91
<b>Total % of portfolio</b>	<b>21.66</b>

### Markets and performance

Performance for the global equity markets overall returned positive results for the fourth quarter of 2023. The Global Equity Income Composite returned 12.18% for the period, outperforming both its primary and secondary benchmarks, the S&P Global 1200 Index and the MSCI World High Dividend Yield Index, which returned 11.29% and 6.99%, respectively. Dividend stocks overall underperformed the general equity market.

### Positive and negative contributors to performance

The leading positive contributors to performance included Gap (2.41% of total net assets), Williams-Sonoma (1.94% of total net assets), and ASE Technology (2.08% of total net assets). These three stocks rose 99.59%, 30.59%, and 25.13%, respectively, during the fourth quarter. Crescent Point Energy (1.06% of total net assets), Nutrien (1.19% of total net assets), and C.H. Robinson Worldwide were the leading negative contributors, returning -15.44%, -7.94%, and -8.31%, respectively. Relative to the S&P Global 1200 Index, the Composite's primary benchmark, performance was negatively impacted from relative underweights in Microsoft Corp and Amazon.com, which rose 19.34% and 19.52%, respectively. These stocks were excluded from the Composite because their dividend yields failed to meet longstanding minimum criteria for the strategy. Consumer Discretionary and Health Care were the leading positive sector contributors to performance. Financials and Materials were the leading negative sector contributors. International exposure in the Composite, especially Canada and South Korea, underperformed relative to the U.S.

### Looking ahead

Investors have faced unprecedented challenges that have left markets on shaky ground: a global pandemic, soaring inflation, a ground war in Europe, massive fiscal spending, and one of the swiftest Fed tightening cycles in history. The conflict in the Middle East further compounds the uncertainty. This has led to a gradual increase in credit stress, weakening medium-term economic prospects. With higher interest rates, multiple expansion may be limited. In this environment, the onus falls on earnings growth to be the driving force behind market performance.

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.

**Looking ahead (continued)**

Emerging markets face challenges due to a strong U.S. dollar, while concerns over growth in both the developed world and China continue to be headwinds. In international developed markets, attractive valuations, higher dividend yields, and high quality, global companies with strong cash flows stand to benefit. As inflation moderates, corporate profits begin to recover, and the Fed approaches its peak for this tightening cycle, a more positive outlook should emerge. The strategy will remain grounded in companies with strong, resilient balance sheets that support rising dividends, favorable earnings growth, and robust free cash flow.

Composite performance (%)	QTD	YTD	1-year	3-year	5-year	10-year
Global Equity Income (Wrap) – Gross	12.18	16.88	16.88	8.39	12.06	9.76
Global Equity Income (Wrap) – Net <sup>1</sup>	11.39	13.49	13.49	5.17	8.73	6.50
S&P Global 1200 Index	11.29	23.38	23.38	7.64	13.07	9.11
MSCI World High Dividend Yield Index	6.99	9.12	9.12	6.39	8.19	5.79

1 Net performance was calculated using the hypothetical highest annual all-inclusive wrap fee of 3.00% by deducting 0.75% 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.

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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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