CROSSMARK
GLOBAL INVESTMENTS

QUARTERLY UPDATE: 2Q 2022

ISRAEL IMPACT COMMENTARY

Separately Managed Account

written by
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Israel Impact Top 10 Model Holdings[1]

Apple, Inc.	6.9%
Microsoft Corp.	6.4%
Alphabet - Class A	4.4%
Amazon.com, Inc.	3.0%
Berkshire Hathaway, Inc.	2.7%
Johnson & Johnson	2.4%
Procter & Gamble	2.2%
Coca Cola Co.	2.1%
Anthem, Inc.	2.1%
JP Morgan Chase & Co.	1.9%
Total % of Portfolio	**34.1%**

Markets and Performance

For the three months ended June 30, 2022, the total return for the Israel Impact model portfolio was -16.49%, trailing its benchmark (the S&P 500 Index) by 0.38%. Given the current composition of the S&P 500 Index, and using our Barra U.S. Long Term multi-factor risk model, we target a range between +/-140 to +/-180 basis points (bps) of estimated tracking error (also called "active risk") to the benchmark on an annual basis. At the end of the second quarter, the model portfolio was sitting at +/- 160 bps of active risk. While we will be the first to admit that outperformance is always better than underperformance (even for an indexed-type product), the model's actual realized tracking error last quarter (-38 bps), if annualized, was well within our expected target range. With all this said, it was a rough quarter for the model portfolio, for the stock market, for bonds, and basically everything except cash.

Positive and Negative Contributors to Performance

The model portfolio continues to be the most underweight in utilities, real estate, and energy. Currently, only one holding (Chevron in the energy sector) spans all three. Sectors contributing the most to relative quarterly performance against the S&P 500 Index benchmark were technology (overweight), communication services (overweight), and materials (underweight). Additionally, our strategic decision to not reinvest cash from dividend income during this down market (until we believe a market bottom is close) positively contributed to relative performance. Sectors detracting most from relative performance were consumer discretionary (overweight), energy (underweight), and healthcare (overweight).

Equity holdings contributing the most to relative quarterly performance were Coca-Cola (2.1% of average total net assets), Elevance Health (previously Anthem - 2.1% of average total net assets), and AT&T (1.1% of average total net assets). Equity holdings detracting the most from relative performance were Amazon (3.0% of average total net assets), Berkshire Hathaway (2.7% of average total net assets), and Alphabet (4.4% of average total net assets).

[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.

Looking Ahead

As a reminder, the Israel Impact model portfolio is a thematic indexed product that provides U.S. large-cap equity exposure and a risk/return profile similar to its U.S. large-cap benchmark. However, our portfolio is unique because we do so by investing only in U.S. companies that are proactively and positively engaged with the Israeli economy. Positive engagement must be recent and/or ongoing, including direct investment, local partnerships, research and development, private acquisitions, and/or ongoing employment. We have partnered with a third-party research firm in Tel Aviv to assist us on an ongoing basis in sourcing publicly traded U.S. companies that meet these engagement criteria. We also do our due diligence to corroborate and verify the third-party findings while conducting internal research on prospective company additions and deletions to the portfolio. Regarding portfolio construction, we leverage the same fundamental multi-factor risk model and optimization processes that we have used to manage custom institutional equity indexation portfolios and indexed mutual fund portfolios at Crossmark for the past 30 years.

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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