

ISRAEL IMPACT

COMMENTARY | QUARTERLY UPDATE: 4Q 2022

Separately Managed Account



written by
Ryan Caylor, CFA® Portfolio Manager – Head of Research

Top 10 Crossmark Israel Impact Portfolio Holdings

Apple, Inc.	6.5%
Microsoft Corp.	6.0%
Alphabet Class A	3.6%
Berkshire Hathaway, Inc.	2.7%
Chevron Corp.	2.7%
Procter & Gamble	2.5%
Coca Cola Co.	2.4%
Amazon.com, Inc.	2.4%
Johnson & Johnson	2.3%
Elevance Health, Inc.	2.2%
Total % of Portfolio	33.3%

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

For the three months ended December 31, 2022, the Crossmark Israel Impact composite returned 8.14%, beating its benchmark (the S&P 500 Index) by +0.58%. However, for the calendar year 2022, the composite returned -20.00%, underperforming the benchmark by -1.89% (i.e., -189 bps of realized tracking error). 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. As of December 31, 2022, the portfolio was sitting at +/- 175 bps of "Active Risk" (within our target range), despite actual realized tracking error in 2022 (-189 bps, see above) coming in slightly above target.

Positive and Negative Contributors to Performance

Sectors contributing the most to relative quarterly performance against the S&P 500 were consumer staples (overweight), real estate (underweight), and health care (overweight). These 3 sectors were also the biggest contributors to relative performance for the calendar year 2022. Sectors detracting most from relative quarterly performance were energy (underweight), financials (underweight), and communication services (overweight). For the calendar year 2022, relative sector detractors were energy (underweight), utilities (underweight), and industrials (equal weight).

Equity holdings contributing the most to relative quarterly performance were Chevron (CVX, 2.7% of total net assets), Honeywell (HON, 1.5% of total net assets), and JPMorgan (JPM, 2.2% of total net assets), all of which are overweight positions relative to the benchmark. Equity holdings detracting the most from relative quarterly performance were Assurant (AIZ, 0.6% of total net assets), SVB Financial Group (SIVB, 0.3% of total net assets) and Edwards Lifesciences (EW, 0.5% of total net assets).

There were no changes to the portfolio holdings this quarter. The portfolio continues to be most underweight utilities, real estate, and energy; and most overweight tech, staples, and communication services.

Looking Ahead

With the ushering in of the new year, we are actively considering further changes to right-size the portfolio to be better positioned for the year ahead, including continued deceleration in global growth, central banks determination to break the back of already decelerating inflation, and continued volatility in the markets.

Composite Performance	QTD	YTD	1 Year	3 Years	5 Years	Since Inception
Israel Impact (Wrap) - Gross	8.14%	-20.00%	-20.00%	7.02%	8.82%	11.30%
Israel Impact (Wrap) - Net*	7.28%	-22.50%	-22.50%	3.78%	5.56%	7.98%
S&P 500	7.56%	-18.11%	-18.11%	7.66%	9.42%	11.40%

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 go further by aligning 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.

Contact a member of our Advisor Solutions Team

advisorsolutions@crossmarkglobal.com | 888.845.6910

Crossmark Global Investments, Inc. (Crossmark) is an investment adviser registered with the Securities and Exchange Commission that provides discretionary investment management services to mutual funds, institutions, and individual clients. Investment advice can be provided only after the delivery of Crossmark's firm Brochure and Brochure Supplement Form ADV (Parts 2A and 2B) and Form CRS, and once a properly executed investment advisory agreement has been entered into by the client.

All Investments are subject to risks, including the possible loss of principal. Past performance does not guarantee future results. The Israel Impact 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 strategy's values-based screening policies which exclude certain securities issuers from the universe of otherwise available investments. As a result, the strategy may not achieve the same level of performance as it otherwise would have in the absence of the screening process. If the strategy has invested in a company that is later discovered to be in violation of one or more screening criteria and liquidation of an investment in that company is required, selling the securities at issue could result in a loss to the strategy. Further, the strategy's values-based screening policies may prevent the strategy from participating in an otherwise suitable investment opportunity. With respect to Equity Market Neutral, the values-based screening policies apply only to long positions.

These materials reflect the opinion of Crossmark on the date of production and are subject to change at any time without notice. Where data is presented that was prepared by third parties, the source of the data will be cited, and we have determined these sources to be generally reliable. However, Crossmark does not warrant the accuracy of the information presented.

Information and recommendations contained in market commentaries and writings are of a general nature and are not intended to be construed as investment, tax or legal advice. These materials reflect the opinion of Crossmark on the date of production and are subject to change at any time without notice. Where data is presented that was prepared by third parties, the source of the data will be cited, and we have determined these sources to be generally reliable. However, Crossmark does not warrant the accuracy of the information presented.

This content may not be reproduced, copied or made available to others without the express written consent of Crossmark.

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.

GIPS is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy of quality of the content contained herein.

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

Not FDIC Insured - No Bank Guarantee - May Lose Value

SMA-ISRIMP-COMM 02/23