

Israel Impact

Commentary | Quarterly update: 1Q25

Separately managed account



Ryan Caylor, CFA Portfolio Manager – Head of Research

Top 10 holdings (%)

Apple Inc.	7.32
Microsoft Corp.	6.19
NVIDIA Corp.	5.78
Amazon.com, Inc.	3.94
Alphabet Inc. Class A	3.62
Berkshire Hathaway Inc. Class B	3.43
Meta Platforms Inc. Class A	2.89
JPMorgan Chase & Co.	2.18
Visa Inc. Class A	2.03
Coca-Cola Co.	1.85
Total % of portfolio	39.24

Markets and performance

For the three months ended March 31, 2025, the Crossmark Israel Impact strategy composite underperformed the S&P 500 Index by 27 basis points (bps)—the composite returned -4.54% while the S&P 500 returned -4.27%. The underperformance was primarily driven by negative sector allocation, which was only partially offset by positive stock selection during the period.

We target a range between +/- 140 to 180 bps of estimated tracking error (also called “active risk”) relative to the benchmark on an annual basis. Despite the turmoil Israel continues to face in the Middle East following the abhorrent Hamas terrorist attack on Oct. 7, 2023, our target range for active risk remains unchanged. This unchanged target speaks to the strength of diverse portfolio holdings of U.S. multi-national companies with significant economic ties to Israel. As of March 31, 2025, the composite portfolio was sitting at +/- 144 bps of active risk relative to the benchmark, which is practically unchanged relative to last quarter.

Attribution and positioning

Sectors contributing the most to relative quarterly performance against the benchmark were consumer staples (due mainly to stock selection and overweight sector allocation), financials (due to overweight sector allocation), and consumer discretionary (mainly due to stock selection). Sectors detracting most from relative quarterly performance were utilities (no portfolio allocation to utilities), industrials (due to both stock selection and sector allocation), and energy (due to underweight sector allocation).

Equity holdings contributing the most to relative quarterly performance were Berkshire Hathaway (BRK.B), Philip Morris (PM), and Coca-Cola (KO). Equity holdings detracting the most from relative performance were Alphabet (GOOGL), ServiceNow (NOW), and KKR & Co. (KKR).

There were no company additions nor deletions made to the portfolio this quarter. Relative to the benchmark, we continue to be most overweight tech, financials, and consumer staples sectors, and most underweight utilities, industrials, and energy sectors.

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.

Composite performance (%)	Quarter	YTD	1-year	3-year	5-year	Since inception
Israel Impact (Wrap) – Gross	-4.54	-4.54	10.12	9.95	18.66	14.23
Israel Impact (Wrap) – Net ¹	-5.26	-5.26	6.93	6.68	15.16	10.85
S&P 500 Index	-4.27	-4.27	8.25	9.06	18.58	13.72

1 Net performance was calculated using the hypothetical highest annual all-inclusive wrap fee of 3.00%, with a deduction of 0.25% from each month's return. Gross performance is shown as supplemental information and represents pure gross returns, as they have not been reduced by transaction costs or fees. Wrap fees include Crossmark's portfolio management fee, 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.

Our firm

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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.

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.

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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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