

# LARGE CAP CORE UNSCREENED

## COMMENTARY | QUARTERLY UPDATE: 2Q 2023

Separately Managed Account (Formerly Large Cap Core Growth)



written by  
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Top 10 Crossmark Large Cap Core Unscreened Portfolio Holdings	
Apple, Inc.	5.10%
Microsoft Corp.	4.15%
Visa, Inc. Class A	3.10%
Mastercard, Inc. Class A	2.79%
UnitedHealth Group, Inc.	2.75%
Merck & Co., Inc.	2.73%
Caterpillar, Inc.	2.53%
AbbVie, Inc.	2.50%
TJX Companies, Inc.	2.21%
Lowes's Companies, Inc.	2.17%
<b>Total % of Portfolio</b>	<b>30.04%</b>

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

The Large Cap Core Unscreened composite rose 4.67% in the second quarter of the year ending June 30, 2023, underperforming the Russell 1000 index benchmark (+8.58%) by 391 basis points. Underperformance was widespread, but was primarily related to stock selection. Our highest quality, low beta positions lagged as high growth and high valuations outperformed in this time period. The weakest performance came from the healthcare and energy sectors.

### Positive and Negative Contributors to Performance

Our best performing stocks during the quarter were Dell Technologies (1.17% of total net assets), Broadcom (1.71% of total net assets), and Caterpillar (2.53% of total net assets). The stocks that generated the worst performance were Genpact (1.59% of total net assets), AbbVie (2.50% of total net assets) and the underweight position of NVIDIA (1.02% of total net assets). Owning high profitability, strong management quality, and low beta securities hurt the portfolio's performance in Q2 (as it did in Q1).

### Looking Ahead

Heading into Q3 we remain cautious - the yield curve remains deeply inverted, the money supply is shrinking, corporate profits have peaked, banks are tightening their lending standards, the Fed has raised rates 500 basis points in just over a year and threaten to do more, liquidity conditions are not good, and stocks are not cheap. As such, we expect an economic slowdown, earnings cuts, and possibly a recession. Stock selection in this environment requires a focus on quality, the ability to deliver earnings and cash flow, and reasonable valuations.

Composite Performance	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Large Cap Core Unscreened (Wrap) - Gross	4.67%	7.12%	14.29%	14.80%	14.64%	14.52%
Large Cap Core Unscreened (Wrap) - Net*	3.93%	5.59%	10.85%	11.38%	11.23%	11.12%
Russell 1000	8.58%	16.68%	19.36%	14.09%	11.92%	12.64%

## 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 Large Cap Core Unscreened 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).

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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](mailto: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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