



LARGE CAP CORE UNSCREENED

COMMENTARY | QUARTERLY UPDATE: 4Q 2022



written by **Robert C. Doll, CFA**® Chief Investment Officer

Separately Managed Account (Formerly Large Cap Core Growth)

Top 10 Crossmark Large Cap Core Unscreened Portfolio Holdings	
Apple, Inc.	5.9%
AbbVie, Inc.	3.2%
UnitedHealth Group, Inc.	3.2%
Microsoft Corp.	3.1%
Valero Energy Corp.	2.9%
Mastercard, Inc.	2.6%
Gilead Sciences, Inc.	2.5%
Elevance Health, Inc.	2.5%
Pfizer, Inc.	2.4%
Eli, Lilly & Company	2.3%
Total % of Portfolio	30.6%

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 market has remained focused on the same themes as of late including the path of inflation, the state of the labor market, and the Fed's policy response. Although we believe that U.S. inflation has peaked, the Fed still must work to contain the stickier components of inflation like services and wage inflation. Stock market valuations appear far from suggesting that a recession is already priced in largely because earnings estimates are probably too high, even if there is no recession. The economic, policy and capital markets landscape remains unusual, thereby complicating the investment strategy. In this environment, the Crossmark Large Cap Core Unscreened composite increased 11.69% in the fourth quarter ending December 31, 2022, outperforming the Russell 1000 Index (+7.24%) by 445 basis points.

Positive and Negative Contributors to Performance

The outperformance for the composite versus its benchmark came from both sector allocations and stock selection. Both the relative overweight positioning in the healthcare sector and the underweight positioning in the consumer discretionary sector aided performance. Strong performance was also provided from stock selection in energy, consumer discretionary, healthcare, and communication services sectors. The best performing stock positions were Gilead Sciences (2.5% of total net assets) and the relative underweight in Amazon (0.9% of total net assets); our worst performing stock selection was Popular (1.8% of total net assets). The portfolios benefitted from a focus on both quality and profitability.

Looking Ahead

We will watch carefully to understand what the full effects of the substantial monetary tightening in 2022 will be on the economy and earnings. We expect the lows of last October to be retested as growth fears increase and earnings estimates are reduced. Our investment process remains focused on quality, earnings deliverability and valuation.

Composite Performance	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Large Cap Core Unscreened (Wrap) - Gross	11.69%	-10.62%	-10.62%	13.22%	13.53%	15.08%
Large Cap Core Unscreened (Wrap) - Net*	10.81%	-13.40%	-13.40%	9.81%	10.13%	11.67%
Russell 1000	7.24%	-19.13%	-19.13%	7.35%	9.13%	12.37%

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.

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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