CROSSMARK GLOBAL INVESTMENTS

Large Cap Core Unscreened

Commentary | Quarterly update: 1Q25

Separately managed account

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Top 10 portfolio (%)	
Meta Platforms Inc. Class A	4.38
Apple Inc.	4.15
Visa Inc. Class A	3.47
Microsoft Corp.	3.40
NVIDIA Corp.	3.33
JPMorgan Chase & Co.	3.14
Walmart Inc.	3.01
Mastercard Inc. Class A	2.76
Progressive Corp.	2.55
AT&T Inc.	2.54
Total % of portfolio	**32.73**

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.

Markets and performance

The Large Cap Core Unscreened model portfolio returned -0.31% in the first quarter, outperforming the Russell 1000 (-4.49%) by 418 basis points (bps). The outperformance was primarily driven by stock selection, complemented by modest sector allocation.

Positive and negative contributors to performance

Within the sectors, the communication services sector contributed positively with a total effect of 1.46%, particularly from the telecommunication services industry group, which added 1.14%. The real estate sector detracted from performance, with a total effect of -25 bps. The equity real estate investment trusts (REITs) industry specifically detracted 24 bps.

On an individual position basis, the exposure to Palantir Technologies was the largest contributor to performance during the quarter. Palantir Technologies reported strong 4Q24 results, with revenue and adjusted operating income surpassing estimates. The company's U.S. commercial revenue growth and a 45% adjusted operating margin in 4Q24 underscored efficient operations and cost management. In addition, the underweight position in Tesla contributed to performance, as the stock traded lower by over 35% in the period. On the negative side, Atlassian Corp was the largest distractor from performance—the AI information technology stock saw a correction in the stock price during the recent market volatility. In addition, Arista Networks also detracted from performance during the market volatility.

Looking ahead

Recently, the S&P 500 traded at an all-time high with enthusiasm among consumers, businesses, and investors. While the initial reaction to Trump's victory in November was certainly pro-risk (stocks rose, the U.S. dollar strengthened, and bond yields fell), the markets settled back into an uneasy holding period, acknowledging the challenges that await the new administration, and corrected 10%. The policy uncertainty stemming from the on-again, off-again tariff announcements has done little to restore confidence, and the biggest risk now is that the market has entered a negative feedback loop, contributing to a sentiment-induced slowdown. As a result, recession probabilities have moved up from 20% at year-end to 35-40% now. Earnings estimates are only beginning to fall, and multiples, while down a bit, are still high.

Considering the market environment, the strategy continues its slightly overweight momentum while focusing on companies with management quality and earnings yield. During the quarter, the strategy trimmed exposure to the industrials and healthcare sectors while adding exposure to the financials and information technology sector. At the end of the quarter, the strategy held the largest overweight positions in financials and communication services while being underweight information technologies and healthcare.

Composite performance (%)	Quarter	YTD	1-year	3-year	5-year	10-year	Since inception
Large Cap Core Unscreened (Wrap) – Gross	-0.31	-0.31	10.71	11.90	21.12	15.03	8.54
Large Cap Core Unscreened (Wrap) – Net[1]	-1.05	-1.05	7.51	8.59	17.55	11.64	5.33
Russell 1000 Index	-4.49	-4.49	7.82	8.65	18.45	12.17	8.25

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 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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