

QUARTERLY UPDATE: 1Q 2022

LARGE CAP EQUITY STRATEGIES COMMENTARY



(Large Cap Core, Large Cap Growth, and Large Core Value)
Separately Managed Accounts



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

Large Cap Core Top 10 Model Holdings¹

Microsoft Corp.	6.5%
Alphabet Class A	5.4%
Apple, Inc.	4.9%
Amazon.com, Inc.	3.1%
Synopsys, Inc.	2.6%
Cisco Systems, Inc.	2.5%
Anthem, Inc.	2.4%
MetLife, Inc.	2.4%
American Express Co.	2.3%
CVS Caremark Corp.	2.3%
Total % of Portfolio	34.4%

Large Cap Growth Top 10 Model Holdings¹

Microsoft Corp.	12.0%
Apple, Inc.	11.9%
Alphabet Class A	8.1%
Mastercard, Inc.	4.2%
Visa, Inc.	3.7%
Amazon.com, Inc.	3.2%
Oracle Systems Corp.	2.7%
Home Depot, Inc.	2.6%
Synopsys, Inc.	2.6%
Lowe's Companies, Inc.	2.4%
Total % of Portfolio	53.4%

Markets and Performance

The S&P 500 suffered its first quarterly decline since the depths of the pandemic in Q1 of 2020, returning -4.60%. The Russell 1000 Growth Index returned -9.04%, meaningfully lagging the Russell 1000 Value Index which returned -0.74%. The Large Cap Core model portfolio returned -7.40% for the quarter, underperforming its Russell 1000 benchmark by 227 basis points (bps). The Large Cap Growth model portfolio returned -8.51%, outperforming its benchmark, the Russell 1000 Growth Index, by 53 basis points for the quarter. The Large Cap Value model portfolio returned -2.40%, underperforming its benchmark, the Russell 1000 Value Index, by 166 bps for the quarter. The majority of the underperformance occurred in March. The Strategies were hurt by the strong rebound in high growth companies as investors turned back to focus on growth and defensives as the yield curve flattened causing recession concerns.

Positive and Negative Contributors to Performance

For the Large Cap Core model portfolio, underperformance came primarily from sector allocations including our overweight in technology and underweight in energy. Best stocks were Northrop Grumman (1.3% of total net assets), MetLife (2.4% of total net assets), and Aflac (2.1% of total net assets). Worst stocks included Accenture (1.6% of total net assets), Lowe's (2.4% of total net assets), and Intuit (1.4% of total net assets).

For the Large Cap Growth model portfolio, underperformance came primarily from sector allocations including our underweight in industrials, energy, consumer staples, and healthcare. Stock selection had mixed results. Best stocks were Meta Platforms (0.9% of total net assets), and Alphabet (8.1% of total net assets). Worst stocks included Accenture (1.6% of total net assets), Lowe's (2.6% of total net assets), and Intuit (2.4% of total net assets).

For the Large Cap Value model portfolio, underperformance came from sector allocations including our overweight in technology and underweight in utilities. Best stocks were ConocoPhillips (2.3% of total net assets), Marathon Petroleum (1.9% of total net assets), and Kinder Morgan (2.2% of total net assets). Worst stocks included Simon Property Group (1.9% of total net assets), Johnson Controls (1.2% of total net assets), and Zoetis (0.9% of total net assets).

¹ Model Portfolios are based on a hypothetical account managed during the current quarter. Actual characteristics and income may differ materially from model. As of 3/31/2022.

**Large Cap Value
Top 10 Model Holdings¹**

Anthem, Inc.	3.3%
Bank of America Corp.	2.9%
JP Morgan Chase & Co.	2.8%
Intel Corp.	2.7%
Alphabet Class A	2.7%
Aflac, Inc.	2.6%
Verizon Communications	2.6%
IBM	2.5%
CSX Corp.	2.5%
Cisco Systems, Inc.	2.5%
Total % of Portfolio	27.1%

¹ Model Portfolios are based on a hypothetical account managed during the current quarter. Actual characteristics and income may differ materially from model. As of 3/31/2022.

Looking Ahead

The Strategies are positioned for slowing, but positive economic growth and earnings. As such, we hold more value and cyclical names than growth and defensive names. Largest sector overweights are technology and financials; largest underweights include industrials, healthcare, and consumer staples.

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 align 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 Large Cap Core, Large Cap Growth and Large Cap Value Strategies 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).

Some strategies incorporate 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.

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.