

LARGE CAP EQUITY STRATEGIES

COMMENTARY | QUARTERLY UPDATE: 2Q 2023



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

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

Top 10 Crossmark Large Cap Core Portfolio Holdings

Apple Inc.	4.91%
Microsoft Corp.	4.32%
Visa Inc. Class A	2.96%
Adobe Inc.	2.94%
Mastercard Inc. Class A	2.83%
VMware, Inc. Class A	2.56%
Cisco Systems, Inc.	2.39%
Mondelez International, Inc. Class A	2.38%
Booking Holdings Inc.	2.27%
Aflac Inc.	2.22%
Total % of Portfolio	29.76%

Top 10 Crossmark Large Cap Growth Portfolio Holdings

Apple, Inc.	11.52%
Microsoft Corp.	10.72%
Alphabet, Inc. Class A	3.95%
Visa, Inc. Class A	3.84%
Mastercard, Inc. Class A	3.58%
Amazon.com, Inc.	3.43%
Adobe, Inc.	2.95%
Lam Research Corp.	2.55%
Applied Materials, Inc.	2.43%
TJX Companies, Inc.	2.41%
Total % of Portfolio	47.38%

Top 10 Crossmark Large Cap Value Portfolio Holdings

Cisco Systems, Inc.	2.92%
Bank of America Corp	2.87%
Verizon Communications Inc.	2.87%
Gilead Sciences, Inc.	2.65%
Mondelez International, Inc. Class A	2.53%
American Express Company	2.49%
VMware, Inc. Class A	2.45%
JPMorgan Chase & Co.	2.39%
Citigroup, Inc.	2.38%
Salesforce, Inc.	2.37%
Total % of Portfolio	25.92%

Markets and Performance

Large Cap Core, Value, and Growth composite portfolios returned 6.10%, 1.79%, and 10.15%, respectively in the second quarter of the year ending June 30, 2023, underperforming the Russell 1000 Index (+8.58%), Russell 1000 Value Index (+4.07%) and Russell Growth Index (+12.81%) by 248, 228, and 266 basis points, respectively. The main source of the underperformance for the quarter was stock selection, which was somewhat offset by positive sector choices. The weakest performance came from the industrials and technology sectors. The profile of our Large Cap suite of strategies centers on higher quality and lower beta companies which lagged during this time period as high growth and high valuations outperformed.

Positive and Negative Contributors to Performance

While our overweight in the technology sector was a positive contributor to performance throughout the quarter, our stock selection did not include enough of the AI-related mega-cap stocks (e.g., underweights in NVIDIA (2.22% of total net assets) and Meta (1.17% of total net assets)). The best performing stocks in the strategies were Dell Technologies (1.14% of total net assets) and Adobe, Inc. (2.94% of total net assets).

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.

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	QTD	YTD	1 Year	Since Inception
Large Cap Core - Gross	6.10%	9.16%	15.54%	2.43%
Large Cap Core - Net**	6.02%	8.99%	15.18%	2.14%
Russell 1000	8.58%	16.68%	19.36%	1.88%

Composite Performance	QTD	YTD	1 Year	Since Inception
Large Cap Growth - Gross	10.15%	20.74%	22.23%	2.22%
Large Cap Growth - Net**	10.10%	20.64%	22.02%	2.07%
Russell 1000 Growth	12.81%	29.02%	27.11%	1.61%

Composite Performance	QTD	YTD	1 Year	Since Inception
Large Cap Value - Gross	1.79%	1.17%	9.86%	1.09%
Large Cap Value - Net**	1.73%	1.05%	9.61%	0.89%
Russell 1000 Value	4.07%	5.12%	11.54%	1.95%

** Net performance was calculated using actual management fees.

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 go further by aligning 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.

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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, 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.

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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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