

LARGE CAP EQUITY STRATEGIES

COMMENTARY | QUARTERLY UPDATE: 4Q 2022



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

Microsoft Corp.	5.9%
Apple, Inc.	4.2%
Visa, Inc.	2.8%
Cigna Corp.	2.8%
Mastercard, Inc.	2.7%
Danaher Corp.	2.5%
Aflac, Inc.	2.5%
Gilead Sciences, Inc.	2.5%
Elevance Health, Inc.	2.5%
General Mills, Inc.	2.4%
Total % of Portfolio	30.8%

Top 10 Crossmark Large Cap Growth Portfolio Holdings

Apple, Inc.	10.4%
Microsoft Corp.	8.6%
Visa, Inc.	4.1%
Mastercard, Inc.	3.8%
Alphabet Class A	3.5%
Home Depot, Inc.	3.3%
Amgen, Inc.	2.8%
Amazon.com, Inc.	2.7%
Equinix, Inc.	2.4%
American Tower Corp.	2.4%
Total % of Portfolio	44.0%

Top 10 Crossmark Large Cap Value Portfolio Holdings

Gilead Sciences, Inc.	3.0%
Danaher Corp.	2.9%
Cisco Systems, Inc.	2.7%
Cigna Corp.	2.7%
Elevance Health, Inc.	2.7%
Bank of America Corp.	2.7%
ConocoPhillips	2.6%
AT&T, Inc.	2.5%
McKesson Corp.	2.5%
General Mills, Inc.	2.4%
Total % of Portfolio	26.7%

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, Value, and Growth composites returned 10.98%, 14.13%, and 6.11%, respectively in the fourth quarter ending December 31, 2022, outperforming the Russell 1000 Index (+7.24%), Russell 1000 Value Index (12.42%) and Russell Growth Index (+2.20%) by 374, 171, and 391 basis points, respectively.

Positive and Negative Contributors to Performance

All three Large Cap composites had positive allocation and selection effects for the fourth quarter of 2022. The allocation effect was strongest with Core (+312bp), Value (+147bp) and Growth (+334bp). The strongest sector outperformance came from the consumer discretionary, technology, and financial sectors. Our best individual stock contributors for the quarter were Gilead (3.0% of total net assets) and Aflac (2.5% of total net assets) along with our relative underweight in Amazon (2.7% of total net assets) and Tesla (0.8% of total net assets). The worst performing individual stocks were CVS (2.3% of total net assets) and Nvidia (0.9% of total net assets). Our focus on quality stocks aided performance, which was partially offset by our below market beta.

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.

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	10.98%	-14.22%	-14.22%	-2.61%
Large Cap Core - Net**	10.90%	-14.51%	-14.51%	-2.87%
Russell 1000	7.24%	-19.13%	-19.13%	-7.50%

Composite Performance	QTD	YTD	1 Year	Since Inception
Large Cap Growth - Gross	6.11%	-23.21%	-23.21%	-9.18%
Large Cap Growth - Net**	6.07%	-23.36%	-23.36%	-9.32%
Russell 1000 Growth	2.20%	-29.14%	-29.14%	-13.81%

Composite Performance	QTD	YTD	1 Year	Since Inception
Large Cap Value - Gross	14.13%	-4.12%	-4.12%	0.67%
Large Cap Value - Net**	14.07%	-4.34%	-4.34%	0.49%
Russell 1000 Value	12.42%	-7.54%	-7.54%	-0.76%

** 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.

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.

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.

GIPS is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy of quality of the content contained herein.

Crossmark Global Investments, Inc.
 15375 Memorial Drive, Suite 200, Houston, TX 77079
 888.845.6910 advisorsolutions@crossmarkglobal.com
crossmarkglobal.com

Not FDIC Insured - No Bank Guarantee - May Lose Value