CROSSMARK
GLOBAL INVESTMENTS

Large Cap Growth

Commentary | Quarterly update: 2Q24

Separately managed account

Robert C. Doll, CFA® CEO/CIO

Top 10 portfolio (%)	
Microsoft Corporation	12.27
Apple Inc.	8.74
NVIDIA Corporation	8.21
Alphabet Inc. Class A	5.19
Amazon.com, Inc.	3.88
Visa Inc. Class A	3.23
Mastercard Inc. Class A	3.07
Home Depot, Inc.	2.91
Qualcomm Inc.	2.85
Booking Holdings Inc.	2.78
Total % of portfolio	**53.13**

Markets and performance

The Large Cap Growth composite returned 6.18%, lagging the Russell 1000 Index (8.33%) by 219 basis points. Allocation and stock selection detracted from performance, driven by an overweight to financials and real estate as well as stock selection within information technology.

Positive and negative contributors to performance

The overweight to and stock selection within the financials were the largest detractors from performance, driven by exposure within financial services companies. While the overweight to the technology sector was beneficial to performance, stock selection detracted, driven by the underweight position in NVIDIA. On the positive side, the underweight and stock selection to industrials were the largest contributors to performance, driven by positive selection in capital goods companies. The underweight to healthcare also contributed positively. On a style basis, the portfolio's overweight to management quality and dividend yield added to performance while the lower beta exposure detracted.

On an individual position basis, the underweight to NVIDIA was the largest detractor from performance, as the company posted strong earnings in the first quarter, significantly surpassing expectations. XP Inc. also detracted from performance as the company's 1Q earnings per share and revenue fell short of analysts' expectations. The market continues to be concerned about the impact of the higher-for-longer interest rate environment and slower business momentum for the company. On the positive side, Dell Technologies was the largest contributor to performance as the company continues to benefit from positive exposure to the AI supply chain.

Looking ahead

Investors have been lulled into a false sense of security concerning the resiliency of the U.S. economy. However, our assessment that the monetary policy stance is tight means that something must change for a recession to be avoided. Forward-looking indicators of the U.S. labor market are no longer pointing to significant excess labor demand which, along with rising consumer loan delinquencies, supports the view that excess savings have been spent. Inflation will likely remain in a downtrend, but a return to target levels is unlikely. At some point, stocks are likely to run into difficulty when earnings estimates come under pressure. Considering the market environment, the strategy continues to focus on higher quality companies with more earnings predictability. During the quarter, the strategy trimmed exposure to healthcare while adding exposure to financials. The largest additions to the portfolio included PayPal and Progressive, and the largest sells included XP Inc. and Applied Materials. At the end of the quarter, the strategy held the largest overweight positions in financials and real estate while being underweight communications services and healthcare.

Composite performance (%)	Quarter	YTD	1-year	3-year	Since inception
Large Cap Growth – Gross	6.18	17.35	31.77	11.25	11.25
Large Cap Growth – Net[1]	6.13	17.25	31.55	11.07	11.07
Russell 1000 Growth Index	8.33	20.70	33.48	11.28	11.28

1 Net performance was calculated using actual management fees.
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.

Our firm

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Contact a member of our Advisor Solutions Team

advisorsolutions@crossmarkglobal.com | 888-845-6910

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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 Growth Strategy may not achieve their objectives 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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