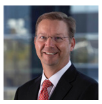
CROSSMARK
GLOBAL INVESTMENTS

QUARTERLY UPDATE: 2Q 2022
SMALL CAP GROWTH COMMENTARY

Separately Managed Account



written by
Brent Lium, CFA® Managing Director – Head of Equity Investments

Small Cap Growth Top 10 Model Holdings[1]

Shockwave Medical, Inc.	2.5%
National Storage Affiliates	2.5%
Qualys, Inc.	2.5%
Clearway Energy, Inc.	2.3%
HealthEquity, Inc.	2.2%
World Wrestling Entertainment, Inc.	2.0%
Sensient Technologies Corp.	2.0%
DigitalBridge Group, Inc.	1.8%
Halozyme Therapeutics, Inc.	1.8%
R1 RCM, Inc.	1.8%
Total % of Portfolio	**21.4%**

Markets and Performance

The second quarter of 2022 was one of the worst quarters in years, as the market started to fear a recession (and, potentially, stagflation). The Federal Reserve signaled they would do whatever it takes to get a handle on inflation, even if they cause a recession. The Russell 2000 Growth Index hit bear market territory in the second quarter, ending with a return of -19.26% and -29.46% year-to-date. The Crossmark Small Cap Growth model portfolio returned -19.85% for the quarter, underperforming the Russell 2000 Growth Index by 0.59%.

Positive and Negative Contributors to Performance

The Strategy's top contributors during the period were Lamb Weston (1.5% of total net assets), up 19.74%, Calavo Growers (1.8% of total net assets), up 14.46%, and World Wrestling Entertainment (2.0% of total net assets), up 0.27%. Lamb Weston, a growing frozen potato food manufacturer, and Calavo Growers, a leading avocado producer and processor, benefitted from similar trends. Both are returning to more normal operations after massive COVID disruptions, supply chain issues, and spiking commodity costs. World Wrestling Entertainment had a strong earnings report with continued growth.

The Strategy's bottom contributors during the period were OutSet Medical (0.6% of total net assets), down 62.27%, Navitas Semiconductors (0.7% of total net assets), down 62.45%, and Chegg (1.0% of total net assets), down 48.24%. Outset Medical, a maker of mobile dialysis equipment, reported disappointing earnings and had to put one of their dialysis machines on shipping hold as the FDA reviews changes the company made to the machine. We believe the changes will be approved shortly, and the long-term thesis will remain unchanged. Navitas Semiconductor, a leading semiconductor manufacturer for the next-generation power control market, suffered like most early-stage (and currently unprofitable) companies. The troubles at Chegg continued into this quarter as demand for their education services took a big hit – enrollment in higher education has pulled back over the last year.

Looking Ahead

Looking ahead, we expect the market to continue to be volatile. COVID fears are finally starting to fade as it seems to have moved to an endemic phase. Still, the market continues to grapple with inflation, a slowing economy, recession fears, global supply chain issues, Russia/Ukraine conflict, etc. We continue to focus on our key investment pillars of companies with visible and durable growth trends, robust business models, and healthy balance sheets.

[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 6/30/2022.

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 Small Cap Growth 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).

Small-cap investments may be subject to smaller companies risk. Stocks of smaller, less seasoned companies are generally subject to greater price fluctuations, less liquidity, higher transaction costs, and higher investment risk than those of larger, more seasoned issuers. Smaller companies may have limited product lines, markets, or financial resources, and they may be dependent on a limited management group or lack substantial capital reserves or an established performance record. There is generally less publicly available information about such companies than for larger, more established companies.

The strategy's 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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