

## Stand With Israel<sup>1</sup>

Crossmark Stand With Israel investment strategy invests in U.S. large-cap companies with ties to the Israeli economy, educational system, and/or Israeli companies. Types of engagement may include direct investment, mergers & acquisitions, local partnerships, and employment. The strategy utilizes both quantitative and qualitative components in the portfolio construction process. We run the stocks in the investible universe through a fundamental multi-factor risk model and optimization tool with the objective of minimizing the active risk of the portfolio relative to the benchmark index. The end goal is to create an optimized portfolio of U.S. large-cap stocks with ties to the Israeli economy that attempts to minimize tracking error to the benchmark index (i.e., the difference in actual performance between the portfolio and its corresponding benchmark).

**Strategy objective:**

Seeks to create an optimized portfolio of U.S. large-cap stocks with ties to the Israeli economy that attempts to minimize tracking error to the benchmark index

**Strategy snapshot:**

Product inception	1/1/2017
Category	Large Blend

## Key highlights

**1****Broad U.S. Large-Cap exposure**

- Portfolio of 90-110 companies positively engaged with the Israeli economy, but provides diversified large-cap U.S. equity exposure

**2****Quantitative portfolio construction**

- Multi-factor risk models and optimization processes are used to minimize expected price divergence (tracking error) from the S&P 500 Index benchmark net of transaction costs and turnover

**3****Inclusionary screening**

- Data from third-party Israeli providers and in-house research are used to actively monitor U.S. large-cap company engagement with the Israeli economy

<sup>1</sup> Effective June 30, 2025, Crossmark Israel Impact strategy changed its name to Stand With Israel.

# Investment process

Beginning Universe	<ul style="list-style-type: none"><li>• U.S. large-cap equities with a market capitalization over \$5 billion</li></ul>
Inclusionary Screening	<ul style="list-style-type: none"><li>• U.S. multinational companies must have recent, positive engagement with the Israeli economy - this can include but is not limited to direct investment, acquisitions, partnering with educational institutions, R&amp;D facilities, and other relevant activities</li><li>• To narrow the investable universe, a combination of research provided by a third party Israeli-based research company and proprietary in-house research is utilized</li><li>• Analysts monitor engagement on an ongoing basis to be sure the portfolio remains aligned with the Strategy objective</li></ul>
Asset Decomposition	<ul style="list-style-type: none"><li>• Determine the composition of each company's revenue and assign it to the appropriate industry</li><li>• Deconstruct each company and assign values for 16 different style factors</li><li>• Rebuild the investable universe to develop a portfolio with decreased risk versus the S&amp;P 500 Index benchmark</li></ul>
Quadratic Optimization	<p>Because the engagement and market-cap screens will generally reduce the investable universe to between 90 and 110 companies, we use a mathematical process (quadratic optimization) to determine the ideal mix and weighting of the remaining companies for the portfolio.</p> <ul style="list-style-type: none"><li>• The goals of this process are to minimize tracking error to the benchmark index while preserving thematic exposure and enhancing style and industry diversification</li><li>• We also minimize turnover to reduce trading fees and the frequency of taxable events</li></ul>

## Contact a member of our Advisor Solutions Team

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**All Investments are subject to risks, including the possible loss of principal. Past performance does not guarantee future results.** The Stand With Israel 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).

The strategy's investment adviser considers positive value characteristics when making investment decisions. There is a risk that client accounts may forgo otherwise attractive investment opportunities or increase or decrease its exposure to certain types of issuers and, therefore, may underperform strategies that do not consider the same or any positive value characteristics. A company's positive value characteristics are determined based on data and rankings generated by one or more third-party providers unaffiliated with the adviser, and such information may be unavailable or unreliable. Additionally, investors can differ in their views of what constitutes positive value characteristics. As a result, an account may invest in issuers that do not reflect or support, or that act contrary to, the values of any particular investor.

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