

# Steward Small Cap Growth Fund<sup>1</sup>

Commentary | Quarterly update: 2Q24

Institutional shares



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## Snapshot

Ticker	SKGIX
Inception date	11/15/2021
Prospectus dated	8/28/2023
Prospectus expense ratio <sup>2</sup>	Gross 1.58% Net 1.00%
Primary benchmark	Russell 2000 Growth Index

## Top 10 holdings (%)

Super Micro Computer, Inc.	3.19
National Storage Affiliates Trust	1.76
Casella Waste Systems, Inc. Class A	1.68
HealthEquity Inc	1.67
AeroVironment, Inc.	1.61
Sprouts Farmers Market, Inc.	1.59
Vital Farms, Inc.	1.58
TKO Group Holdings, Inc. Class A	1.56
Verra Mobility Corp. Class A	1.52
Ligand Pharmaceuticals Inc.	1.52
<b>Total % of portfolio</b>	<b>17.68</b>

## Markets and performance

The second quarter of 2024 was marked by a rather benign macro environment with inflation coming down, the Fed on hold, and economic data in the Goldilocks “not too hot and not too cold” range. Large caps responded with a third positive quarter in a row. Unfortunately, small caps continued to trail large caps and even turned in a negative quarter. Steward Small Cap Growth Fund returned -5.17% in the second quarter, trailing the primary benchmark, the Russell 2000 Growth, which returned -2.92%. Security selection in the Consumer Staples sector helped relative performance, while security selection in Technology detracted.

## Positive and negative contributors to performance

The fund’s top contributors during the period were Vital Farms (1.03% of total net assets), up 82.34%, Sprouts Farmers Market (1.52% of total net assets), up 29.75%, and PROCEPT BioRobotics (1.32% of total net assets), up 23.61%. Vital Farms, a marketer and distributor of pasture-raised eggs and butter, reported another strong quarter as operations continue to return to normal post COVID disruptions. Sprouts Farmers Markets, a grocery chain focused on organic and whole foods, experienced strong multiple expansion as investors appreciated their continued growth and execution. PROCEPT, which provides an image-guided surgical robot to treat BPH, reported a very strong quarter, growing revenue more than 80% as they continue to take share in that market.

The fund’s bottom contributors during the period were Super Micro Computer (3.28% of total net assets), returning -18.88%, Viking Therapeutics (1.42% of total assets), returning -35.35%, and Sprout Social (0.75% of total net assets), returning -40.24%. Super Micro provides server components for data centers and is experiencing the same explosive growth that is driving NVIDIA and the AI boom. While they reported another strong quarter, the stock took a breather after an incredibly strong run over the last year. Similarly, Viking Therapeutics stock took a breather this quarter after a huge pop in the first quarter, when it announced successful drug trial results from its GLP-1. Sprout Social, which provides cloud-based software to help companies manage their social media engagement and processes, provided disappointing quarter and guidance.

## Looking ahead

Looking forward, we feel like a broken record as inflation continues to fall, coming closer to the Fed’s targeted 2% while the economic data continues to show unanticipated resilience. We are not making a strong top-down macro call as the fund is positioned mostly neutral. Instead, the fund is concentrating on finding the companies that best exhibit the three pillars of our investment process. We continue to focus on businesses with secular growth, good business models, and strong balance sheets which we believe will help us outperform over the entire business cycle.

1 Steward Small Cap Growth Fund closed to new investors, effective close of business June 28, 2024. The fund’s liquidation and termination will be effective on or about Aug. 23, 2024. For more information, please see the prospectus.

2 The net expense ratio reflects a contractual commitment by the fund’s investment adviser to waive fees and/or reimburse expenses through Aug. 31, 2024. Absent the waiver and/or reimbursement, expenses would be higher and total returns would be less. Please see the prospectus for details.

Performance (%)	Quarter	YTD	1-year	Since inception
Steward Small Cap Growth Fund (SKGIX)	-5.17	3.05	6.11	-9.42
Russell 2000 Growth Index	-2.92	4.44	9.14	-6.50

Index returns shown assume the reinvestment of all dividends and distributions. An investment cannot be made directly in an index. Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. The fund's current performance may be lower or higher than quoted. Before investing in a mutual fund, you should read the fund's prospectus carefully and consider the fund's investment objectives, risks, charges, and expenses. The prospectus contains this and other information about the fund. To obtain fund performance as of the most recent month-end or to obtain a copy of the Steward Funds' prospectus free of charge, call Crossmark Distributors at 888-845-6910.

## Our firm

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## Contact a member of our Advisor Solutions Team

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The fund 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 fund's values-based screening policies exclude certain securities issuers from the universe of otherwise available investments. As a result, the fund may not achieve the same level of performance as it otherwise would have in the absence of the screening process. If the fund 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 fund. Further, the fund's values-based screening policies may prevent the fund from participating in an otherwise suitable investment opportunity.

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