

# Steward Covered Call Income Fund

Commentary | Quarterly update: 1Q24

Institutional shares



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## Snapshot

Ticker	SCJIX
Inception date	12/14/2017
Prospectus dated	8/28/2023
Prospectus expense ratio <sup>1</sup>	Gross 1.52% Net 1.00%
Primary benchmark	S&P 500 Index

## Top 10 holdings (%)

NVIDIA Corporation	5.31
Microsoft Corporation	4.80
Apple Inc.	4.45
Amazon.com, Inc.	4.22
Meta Platforms Inc Class A	2.63
Alphabet Inc. Class A	2.38
Berkshire Hathaway Inc. Class B	2.33
Eli Lilly and Company	1.97
Alphabet Inc. Class C	1.91
Procter & Gamble Company	1.68
<b>Total % of portfolio</b>	<b>31.67</b>

## Markets and performance

The first quarter of 2024 started off with a continuation of the same storylines from 2023. The bulls kept running, and the ongoing threat of interest rates staying higher for longer couldn't stop the momentum. Stocks posted impressive returns in the first quarter, gaining over 10%. Investors went into the new year with cautious optimism regarding a "soft landing," which would avoid a recession, and improving inflation numbers. Labor markets remained historically strong; economic growth continued near long-term trends; and wage growth continued to outpace overall inflation, which in turn helped consumers spend more and absorb higher prices. As the markets continued to run, questions surrounding the Fed and "When will the rate cuts start?" kept getting pushed back. As the calendar flipped to 2024, the consensus on the street was the rate cuts would start in March. That obviously didn't come to fruition, and now a first cut in June seems to have lost quite a bit of steam. Geopolitical events also continued to hover over the markets.

## Positive and negative contributors to performance

The Steward Covered Call Income Fund returned +6.75% in the quarter, underperforming its primary benchmark, the S&P 500, which returned +10.56%. The fund did outperform the secondary benchmark, BXM, which returned +6.02%. Information technology, real estate, and healthcare had positive contributions to return from a sector standpoint. Some individual stocks that had positive contributions to return were NVIDIA (5.31% of total net assets), Advanced Micro Devices (1.06% of total net assets), and Eli Lilly (1.97% of total net assets). Consumer discretionary and industrials were among the weakest performing sectors with Tesla Inc. (1.29% of total net assets) and Adobe Inc. (1.04% of total net assets) having negative contributions to return. From an option overlay standpoint, we continued to be opportunistic trading certain names and sectors, with the plan being to stay short in duration. We also took advantage of some mild volatility at the end of March by resetting multiple option strikes, allowing for a continued increase in cash flow. When considering the Steward Funds' values-based screens we apply, the net impact on fund performance by not owning restricted companies was a positive 22 basis points (bps) relative to the S&P 500. The majority of this positive impact came from not owning pharmaceutical companies engaged in Abortion Provider and Human Embryonic Stem Cell/Fetal Tissue Research. The largest single-name positive impact on performance (+20 bps) came from not owning United Healthcare (UNH).

## Looking ahead

Given the strong start to the year in the broad equity markets, the potential for a pullback in the second quarter has to be on the table. With the consolidation of gains likely, this should be considered healthy for the markets and a probable buying opportunity for investors. The prospect of rate cuts has more than likely been priced into the markets, so it's important for the upcoming earnings season to continue to drive markets higher. Expect to see some volatility as we head into the second quarter. That should allow for methodical option trading strategies that should benefit the fund.

<sup>1</sup> 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	3-year	5-year	Since inception
Steward Covered Call Income Fund (SCJIX)	6.75	6.75	20.26	8.84	9.88	8.78
S&P 500 Index	10.56	10.56	29.88	11.49	15.05	13.43
CBOE S&P 500 BuyWrite Index (BXM)	6.02	6.02	11.89	6.18	5.93	5.03

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

Crossmark Global Investments is a faith-based firm that creates and manages values-based investment strategies for financial intermediaries and their clients. Founded over 35 years ago, the firm has a rich history of inspiring and equipping its clients to go further in aligning their investments with their values. Crossmark is based in Houston, Texas. For more information, visit [crossmarkglobal.com](http://crossmarkglobal.com).

## 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, creditworthiness, business plan, and overall perception of the viability of the issuer's business (selection risk).

Options are not suitable for every investor. Writing call options to generate income and to potentially hedge against market declines by generating option premiums involves risk. If the market price of a security increases, a call option written against that security limits the gain that can be realized. And, there can be significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives.

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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