



STEWARD EQUITY MARKET NEUTRAL FUND

COMMENTARY | QUARTERLY UPDATE: 2Q 2023

Institutional Shares



written by **Robert C. Doll, CFA**® Chief Investment Officer

Steward Equity Market Neutral Fund - Institutional	
Ticker	SMNIX
Inception Date	11/15/2021
Prospectus Dated	8/28/2022
Prospectus Expense Ratio	3.11%
Primary Benchmark	ICE BofA 3 M U.S. Treasury Bill

Top 10 Long Holdings

McKesson Corp.	1.20%
CBRE Group, Inc.	1.20%
Fidelity National Info. Services	1.19%
Western Union Co.	1.19%
Elevance Health, Inc.	1.19%
Nordstrom, Inc.	1.19%
Adobe, Inc.	1.18%
Gilead Sciences, Inc.	1.16%
Hewlett Packard Ent. Co.	1.15%
Owens Corning	1.15%
Total % of Portfolio	11.80%

Top 10 Short Holdings

RPM International, Inc.	-1.10%
Carlyle Group, Inc.	-1.08%
Southwest Airlines Co.	-1.07%
HEICO Corporation Class A	-1.07%
Raymond James Financial, Inc.	-1.07%
Dun & Bradstreet Holdings, Inc.	-1.06%
Credit Acceptance Corporation	-1.06%
Ashland, Inc.	-1.05%
Spectrum Brands Holdings, Inc.	-1.05%
DT Midstream, Inc.	-1.05%
Total % of Portfolio	-10.65%

Markets and Performance

Equity markets have benefitted from relatively calm bond markets since late-2022, expectations for policy easing down the road, and acceptable corporate profits. Stock market gains have not been broadly-based and there is the seemingly omnipresent fear that a recession could develop at any time. Supportive liquidity conditions and the ongoing rise in corporate profits should continue to prop up prices until the bond market sells off and/or central banks go too far. The rebound in stocks since late-2022 is now looking extended and at the risk of pausing or reversing out since recent gains have relied on a handful of mega-cap and AI-related stocks.

The Steward Equity Market Neutral Fund rose 1.02% in the second quarter ending June 30, 2023, slightly underperforming its ICE BofA 3-month US Treasury Bill benchmark (+1.18%) by 16 basis points. While our long positions outperformed our short positions, both underperformed the Russell 1000 index. Technology and industrials were the best performing sectors within our long positions. The short positions that were up the most and therefore hurt performance came from the consumer discretionary and technology sectors. Our portfolio that favors profitability, strong management quality and low beta securities hurt on balance.

Positive and Negative Contributors to Performance

The best performing long positions were Owens Corning (1.15% of total net assets), Teradata (1.09% of total net assets), and TopBuild (1.10% of total net assets) while the worst performing long position was Cirrus Logic (1.13% of total net assets). Our strongest contributors to performance from the short positions were Enviva (0.25% of total net assets), Catalent (0.65% of total net assets), and Mercury Systems (1.11% of total net assets) while the biggest increase among our shorts were Palantir Tech, MongoDB, and Norwegian Cruise Line (1.11% of total net assets).

Looking Ahead

Heading into Q3 we remain cautious on the markets for many reasons - the yield curve remains deeply inverted, the money supply is shrinking, corporate profits have peaked, banks are tightening their lending standards, the Fed has raised rates 500 basis points in just over a year and threaten to do more, liquidity conditions are not good, and stocks are not cheap. As such, we expect an economic slowdown, earnings cuts during the quarter, and possibly a recession. In such an environment, stock selection requires a focus on quality, the ability to deliver earnings and cash flow, and reasonable valuations.

Performance	QTD	YTD	1 Year	Since Inception
Steward Equity Market Neutral Fund - Institutional	1.02%	-3.09%	3.06%	6.41%
ICE BofA 3 M U.S. Treasury Bill	1.18%	2.27%	3.62%	2.32%

Index returns shown assume the reinvestment of all dividends and distributions.

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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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).

The Steward Equity Market Neutral Fund also exposes the investor to short sale risk. An investor's account will incur a loss as a result of a short sale if the price of the security sold short increases in value between the date of the short sale and the date on which the account purchases the security to replace the borrowed security. In addition, the securities sold short may have to be returned to the lender on short notice, which may result in the account having to buy the securities sold short at an unfavorable price to close out a short position. If this occurs, any anticipated gain to the account may be reduced or eliminated or the short sale may result in a loss.

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. With respect to Steward Equity Market Neutral Fund, the values-based screening policies apply only to long positions.

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Crossmark Global Investments, Inc.
15375 Memorial Drive, Suite 200, Houston, TX 77079
888.845.6910 advisorsolutions@crossmarkglobal.com
crossmarkglobal.com

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