



STEWARD EQUITY MARKET NEUTRAL FUND

COMMENTARY | QUARTERLY UPDATE: 3Q 2022

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	
Cardinal Health, Inc.	1.22%
Western Union Co.	1.20%
HP, Inc.	1.19%
Cigna Corp.	1.19%
Regions Financial Corp.	1.18%
Elevance Health, Inc.	1.18%
CBRE Group, Inc.	1.18%
Kroger Co.	1.16%
Mastercard, Inc.	1.16%
Biogen, Inc.	1.14%
Total % of Portfolio	11.82%

Top 10 Short Holdings	
Palantir Technologies, Inc.	-1.09%
Cloudflare, Inc.	-1.02%
Lyft, Inc.	-0.96%
IAC, Inc.	-0.95%
Wynn Resorts Ltd	-0.94%
Oak Street Health, Inc.	-0.84%
Atmos Energy Corp.	-0.83%
Spectrum Brands Holdings, Inc.	-0.78%
Kemper Corp.	-0.78%
Mister Car Wash, Inc.	-0.77%
Total % of Portfolio	-8.96%

Markets and Performance

We have entered a high-risk zone as a consequence of the largest rise in inflation in 40 years, rising policy rates, several developed market countries having excessive debt levels, some poorly-timed fiscal actions and the awakening of the bond vigilantes. In this environment, stocks and bonds both declined for the third consecutive quarter, the longest streak in almost 50 years. The Steward Equity Market Neutral Fund returned +0.56% in the third quarter, outperforming its ICE BofA 3-month U.S. Treasury Bill benchmark (returning +0.47%) by 9 basis points. The fund continued to benefit from multiple compression in highly-valued shorted stocks.

Positive and Negative Contributors to Performance

For the third quarter, longs were down 3.1%, while shorts fell 7.7%. (The benchmark Russell 1000 index was down -4.61%.) The outperformance on the short positions in the strategy came from consumer staples, materials, healthcare and communication services. The outperformance on the long positions came from industrials and healthcare. Our best performing short positions were Spectrum Brands Holdings (-0.78% of total net assets), Scotts Miracle-Gro (-0.53% of total net assets), Certara (-0.75% of total net assets), and AppLovin Corp. (-0.28% of total net assets) while our best performing long positions were Biogen (1.14% of total net assets) and H&R Block (1.04% of total net assets).

Looking Ahead

Economic growth is slowing globally, but it is not collapsing. We do anticipate that the Fed will continue to hike rates and move into restrictive territory by year-end, increasing the probability of a recession in 2023. We expect volatility in both directions in the fourth quarter. Earnings are likely to disappoint as the Fed continues to tighten, raising the recession probability ever higher. We favor below beta, above average yields and high quality companies. We continue to favor long low beta, high dividend yield, high management quality and short the opposite. Our largest sector exposure within the long positions are technology, consumer discretionary and healthcare. Our largest sector shorts are technology, industrials, and healthcare.

Performance	QTD	YTD	Since Inception
Steward Equity Market Neutral Fund - Institutional	0.56%	5.18%	7.92%
ICE BofA 3 M U.S. Treasury Bill	0.47%	0.61%	0.63%

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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