



# STEWARD EQUITY MARKET NEUTRAL FUND

## COMMENTARY | QUARTERLY UPDATE: 3Q 2023

Institutional Shares



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

Steward Equity Market Neutral Fund - Institutional	
Ticker	SMNIX
Inception Date	11/15/2021
Prospectus Dated	8/28/2023
Prospectus Expense Ratio	2.18%
Primary Benchmark	ICE BofA 3 M U.S. Treasury Bill

### Top 10 Long Holdings

Booking Holdings, Inc.	1.19%
Ryder System, Inc.	1.00%
Kohl's Corp.	0.99%
Ferguson PLC	0.99%
Adobe, Inc.	0.98%
Applied Materials, Inc.	0.98%
Williams-Sonoma, Inc.	0.98%
PVH Corp.	0.97%
Lam Research Corp.	0.97%
Owens Corning	0.96%
<b>Total % of Portfolio</b>	<b>10.01%</b>

### Top 10 Short Holdings

New Fortress Energy, Inc.	-1.11%
Ionis Pharmaceuticals, Inc.	-1.07%
Seagen, Inc.	-1.06%
Alteryx, Inc. Class A	-1.06%
Blue Owl Capital, Inc. Class A	-1.06%
Boston Beer Company, Inc.	-1.05%
Constellation Energy Corp.	-1.04%
NOV, Inc.	-1.04%
NRG Energy, Inc.	-1.03%
Sarepta Therapeutics, Inc.	-1.03%
<b>Total % of Portfolio</b>	<b>-10.53%</b>

### Markets and Performance

The Steward Equity Market Neutral Fund rose 4.20% in the third quarter ending September 30, 2023, outperforming the ICE BofA 3-month U.S. Treasury Bill benchmark 1.32% by 288 basis points. Our shorts contributed 724 basis points during the quarter while our longs detracted by 374 basis points. Strongest net performance came from healthcare and industrials. Favorable profitability, strong management quality, and low beta (and shorting the opposite) aided performance.

### Positive and Negative Contributors to Performance

Best sectors for the quarter were healthcare and industrials. Our best long was Ryder Systems (1.00% of total net assets); worst longs include Macy's (0.76% of total net assets) and Discover Financial Services (1.09% of total net assets). Our best short contributor was Apellis Pharmaceuticals (-0.87% of total net assets); our worst shorts were NOV (-1.04% of total net assets) and Boston Beer (-1.05% of total net assets).

### Looking Ahead

Stocks peaked on July 31 (and likely made their high for the year). Stocks are likely to continue to struggle as long as interest rates remain firm. Valuations are being tested as investors are waking up to the fact that inflation is not going back to 2% without a recession. It is possible that the valuation adjustment and concerns about economic weakness/recession will lead to earnings estimate cuts. Stock selection needs to favor earnings predictability, earnings persistence, strong cash flow and reasonable valuations.

Performance	QTD	YTD	1 Year	Since Inception
Steward Equity Market Neutral Fund - Institutional	4.20%	0.98%	6.79%	7.87%
ICE BofA 3 M U.S. Treasury Bill	1.32%	3.62%	4.50%	2.72%

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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## 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).

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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