



# STEWARD EQUITY MARKET NEUTRAL FUND

## COMMENTARY | QUARTERLY UPDATE: 4Q 2022

Institutional Shares



written by **Robert C. Doll, CFA<sup>®</sup>** 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	
Harley-Davidson, Inc.	1.17%
Macy's, Inc.	1.16%
Hewlett Packard Enterprise Co.	1.16%
Gilead Sciences, Inc.	1.15%
Mastercard, Inc.	1.14%
Ryder System, Inc.	1.14%
Best Buy Co., Inc.	1.13%
Cigna Corp.	1.13%
CBRE Group, Inc.	1.12%
Cardinal Health, Inc.	1.11%
<b>Total % of Portfolio</b>	<b>11.39%</b>

Top 10 Short Holdings	
Spirit AeroSystems Holdings	-1.06%
Liberty Broadband Corp.	-1.06%
IAC, Inc.	-1.04%
Masimo Corp.	-1.01%
New Fortress Energy, Inc.	-1.00%
Spectrum Brands Holdings, Inc.	-1.00%
Six Flags Entertainment	-0.99%
Boeing Co.	-0.99%
Skechers USA, Inc.	-0.91%
Cloudflare, Inc.	-0.85%
<b>Total % of Portfolio</b>	<b>-9.91%</b>

### Markets and Performance

The market has remained focused on the same themes as of late including the path of inflation, the state of the labor market, and the Fed's policy response. Although we believe that U.S. inflation has peaked, the Fed still must work to contain the stickier components of inflation like services and wage inflation. Stock market valuations appear far from suggesting that a recession is already priced in largely because earnings estimates are probably too high, even if there is no recession. The economic, policy and capital markets landscape remains unusual, thereby complicating the investment strategy. This environment allowed The Steward Equity Market Neutral Fund (the Fund) to return 5.75% in the fourth quarter ending December 31, 2022, outperforming its ICE BofA 3-month U.S. Treasury Bill benchmark (+0.85bp) by 490 basis points.

### Positive and Negative Contributors to Performance

The strong outperformance by the Fund was realized primarily on the long side during the fourth quarter. For the quarter, the long positions increased 12.78% and the short positions were up 3.82%. (The benchmark Russell 1000 index was up 7.24%.) Long outperformance came from the technology, healthcare, consumer discretionary, and financial sectors. Our best performing long positions were Gilead Sciences (1.15% of total net assets), Macy's (1.16% of total net assets) and Grand Canyon Education (0.87% of total net assets). Our best performing short positions were AppLovin Corp (-0.48% of total net assets), Blackstone (-0.69% of total net assets), and Guardant Health (-0.69% of total net assets); our worst performing short positions were Spectrum Brands Holdings (-1.00% of total net assets), Boeing (-0.99% of total net assets), and Spirit AeroSystems Holdings (-1.06% of total net assets).

### Looking Ahead

We will watch carefully to understand what the full effects of the substantial monetary tightening in 2022 will be on the economy and earnings. We expect the lows of last October to be retested as growth fears increase and earnings estimates are reduced. The investment process remains focused on quality, earnings deliverability and valuation.

Performance	QTD	YTD	1 Year	Since Inception
Steward Equity Market Neutral Fund - Institutional	5.75%	11.23%	11.23%	12.45%
ICE BofA 3 M U.S. Treasury Bill	0.85%	1.47%	1.47%	1.31%

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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