



# STEWARD LARGE CAP CORE FUND

## COMMENTARY | QUARTERLY UPDATE: 2Q 2023

Institutional Shares



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

Steward Large Cap Core Fund - Institutional	
Ticker	SJCIX
Inception Date	11/15/2021
Prospectus Dated	8/28/2022
Prospectus Expense Ratio	Gross 0.89% Net 0.75%
Primary Benchmark	Russell 1000

Top 10 Holdings	
Apple, Inc.	6.29%
Microsoft Corp.	5.83%
Alphabet, Inc.	2.34%
Visa, Inc.	1.98%
Mastercard, Inc.	1.88%
Amazon.com, Inc.	1.87%
Adobe, Inc.	1.56%
NVIDIA Corp.	1.50%
Cisco Systems, Inc.	1.49%
Salesforce, Inc.	1.47%
<b>Total % of Portfolio</b>	<b>26.21%</b>

### 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 Large Cap Core Fund increased 7.68% in the second quarter ending June 30, 2023, underperforming the Russell 1000 (+8.58%) by 90 basis points. Underperformance came from stock selection, which was partially offset by good sector allocation decisions, (primarily our overweight in technology). The sectors with the weakest stock selection came from the technology and industrials sectors. Our security holdings that exhibited higher profitability, strong management quality, and low beta were the ones that hurt performance.

### Positive and Negative Contributors to Performance

The best performing stocks in the fund for the quarter included Owens Corning (1.05% of total net assets) and Teradata (1.01% of total net assets). The worst performing stocks in the fund included Cirrus Logic (1.04% of total net assets) and the underweighting of NVIDIA (1.50% of total net assets). Our bet on down cap names in the fund came back nicely in June after struggling in previous months.

### 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 to see an economic slowdown, earnings cuts during the quarter, and possibly a recession. In such an environment, stock selection in the fund requires a focus on quality, the ability to deliver earnings and cash flow, and reasonable valuations.

Performance	QTD	YTD	1 Year	Since Inception
Steward Large Cap Core Fund - Institutional	7.68%	12.88%	18.29%	-4.06%
Russell 1000	8.58%	16.68%	19.36%	-2.96%

The net expense ratio reflects a contractual commitment by the Fund's investment adviser to waive fees and/or reimburse expenses through August 27, 2023. Absent the waiver and/or reimbursement, expenses would be higher and total returns would be less. Please see the prospectus for details.

**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 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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