

Steward Large Cap Core Fund

Commentary | Quarterly update: 1Q25

Institutional shares



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Snapshot

Ticker	SJCIX
Inception date	11/15/2021
Prospectus dated	8/28/2024
Prospectus expense ratio ¹	Gross 0.96% Net 0.75%
Primary benchmark	Russell 1000 Index

Top 10 holdings (%)

Apple Inc.	5.43
Microsoft Corp.	4.58
NVIDIA Corp.	3.97
Amazon.com, Inc.	2.58
Alphabet Inc. Class A	2.31
Visa Inc. Class A	2.14
Mastercard Inc. Class A	1.86
Meta Platforms Inc. Class A	1.56
International Business Machines Corp.	1.52
Cisco Systems, Inc.	1.51
Total % of portfolio	27.46

Markets and performance

The Steward Large Cap Core Fund (Institutional shares) returned -5.81% in the first quarter, underperforming the Russell 1000 (-4.49%) by 132 basis points (bps). The underperformance was primarily driven by sector allocation, which was partially offset by stock selection.

Positive and negative contributors to performance

Within the sectors, consumer discretionary detracted significantly from the fund's performance, posting a total effect of -95 bps, with apparel being the largest detractor within this sector at -1.07%. Conversely, information technology contributed positively, adding 49 bps to the fund's performance, led by semiconductors & semiconductor equipment, which contributed 61 bps.

On an individual position basis, Deckers Outdoor was the largest detractor from performance during the quarter. Despite reporting financial results with a 17% surge in revenue, EPS up by 19%, and margin improvement, the company released conservative guidance for 4Q, falling below market expectations. On the positive side, the underweight to Tesla Inc. was the largest contributor to performance. The company faced lower 1Q delivery estimates from multiple analysts due to seasonality and weaker demand in the sector.

Looking ahead

Recently, the S&P 500 traded at an all-time high with enthusiasm among consumers, businesses, and investors. While the initial reaction to Trump's victory in November was certainly pro-risk (stocks rose, the U.S. dollar strengthened, and bond yields fell), the markets settled back into an uneasy holding period, acknowledging the challenges that await the new administration, and corrected 10%. The policy uncertainty stemming from the on-again, off-again tariff announcements has done little to restore confidence, and the biggest risk now is that the market has entered a negative feedback loop, contributing to a sentiment-induced slowdown. As a result, recession probabilities have moved up from 20% at year-end to 35–40% now. Earnings estimates are only beginning to fall, and multiples, while down a bit, are still high.

Considering the market environment, the fund is emphasizing companies with higher management quality, earnings yields, and profitability. During the quarter, the fund trimmed exposure to information technology and consumer discretionary, and added to healthcare and industrials. At the end of the quarter, the fund held the largest overweight positions in financials and consumer discretionary while being underweight healthcare and communication services.

¹ The net expense ratio reflects a contractual commitment by the fund's investment adviser to waive fees and/or reimburse expenses through Aug. 31, 2025. Absent the waiver and/or reimbursement, expenses would be higher and total returns would be less. Please see the prospectus for details.

Performance (%)	Quarter	YTD	1-year	3-year	Since inception
Steward Large Cap Core Fund (SJCIX)	-5.81	-5.81	5.45	8.22	5.35
Russell 1000 Index	-4.49	-4.49	7.82	8.65	6.29

Index returns shown assume the reinvestment of all dividends and distributions. An investment cannot be made directly in an index. 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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