

Steward Large Cap Core Fund

Commentary | Quarterly update: 1Q24

Institutional shares



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Snapshot

Ticker	SJCIX
Inception date	11/15/2021
Prospectus dated	8/28/2023
Prospectus expense ratio ¹	Gross 0.99% Net 0.75%
Primary benchmark	Russell 1000 Index

Top 10 holdings (%)

Microsoft Corporation	6.45
Apple Inc.	4.21
NVIDIA Corporation	3.44
Alphabet Inc. Class A	2.46
Amazon.com, Inc.	2.38
Visa Inc. Class A	1.92
Mastercard Inc. Class A	1.84
Home Depot, Inc.	1.78
Salesforce, Inc.	1.60
Intuit Inc.	1.39
Total % of portfolio	27.46

Markets and performance

The Steward Large Cap Core Fund rose 10.07% in the first quarter, lagging the Russell 1000 (+10.30%) by 23 basis points (bps). The fund benefited from strong selection during the quarter, but allocation detracted from performance driven by the overweight to consumer discretionary and underweight to energy. Despite the overweight in consumer discretionary detracting from performance, stock selection within the sector was among the largest contributors to performance during the quarter, driven by the consumer durable and apparel companies. Stock selection within the industrials sector was among the largest detractors from performance, given the weakness in transportation. Overall, the fund's slight tilt to momentum in the upward market and overweight to companies with positive earnings yield added to performance, while the tilt down in size and overweight to profitability detracted.

Positive and negative contributors to performance

Stock selection within consumer discretionary combined with the underweight and stock selection within consumer staples were the largest contributors to performance during the quarter. Stock selection within industrials and the underweight and selection within communication services were the largest detractors from performance.

On an individual position basis, the underweight to NVIDIA (3.44% of total net assets) was the largest detractor from performance as the company significantly outperformed during the period on the back of strong demand and increased hype of AI. In addition, Humana (0.96% of total net assets) detracted from performance over increasing concerns around the profitability of their Medicare Advantage business. Dropbox (0.99% of total net assets) also detracted from performance after earnings given concerns around the slowing growth of the business. On the positive side, the individual contributor to performance was the underweight to Tesla (0.84% of total net assets), as the stock sold off on weaker demand. In addition, strong performance in the consumer durable and apparel companies, including Williams-Sonoma (1.16% of total net assets), Decker Outdoors (1.12% of total net assets), and Gap Inc. (0.99% of total net assets), added to performance on the back of increased consumer spending. The overweight to Acuity Brands (1.06% of total net assets) and underweight to Apple Inc. (4.21% of total net assets) also added to performance during the quarter.

Looking ahead

The key economic question for 2024 is whether central banks can continue the "landing of the plane" (soft landing) without a crash (recession). The consensus view of 2024 is a Goldilocks environment of not too hot and not too cold. Expectations include a soft economic landing, a continued decline in inflation toward targets, and double-digit earnings growth. We think that fairy tale is unlikely, meaning either 1) the economy weakens enough for a bumpy ride (perhaps a recession) and earnings fall short (most likely), or 2) the economy remains strong enough to support double-digit earnings growth at the risk of little progress on inflation and Fed rate cuts.

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, 2024. 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	Since inception
Steward Large Cap Core Fund (SJCIX)	10.07	10.07	30.20	5.31
Russell 1000 Index	10.30	10.30	29.87	5.65

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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