

Steward Large Cap Growth Fund

Commentary | Quarterly update: 2Q24

Institutional shares



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Snapshot

Ticker	SJGIX
Inception date	11/15/2021
Prospectus dated	8/28/2023
Prospectus expense ratio ¹	Gross 1.04% Net 0.75%
Primary benchmark	Russell 1000 Growth Index

Top 10 holdings (%)

Microsoft Corporation	10.80
Apple Inc.	9.91
NVIDIA Corporation	9.42
Alphabet Inc. Class A	6.14
Amazon.com, Inc.	5.16
Meta Platforms Inc Class A	2.88
Visa Inc. Class A	2.50
Mastercard Inc. Class A	2.24
Home Depot, Inc.	1.97
Salesforce, Inc.	1.80
Total % of portfolio	52.82

Markets and performance

Steward Large Cap Growth Fund returned 6.04% in the second quarter, underperforming the Russell 1000 Growth Index (8.33%) by 229 basis points. Information technology (IT) and communications services sectors were the standout performers, returning 15.24% and 13.63%, respectively. The fund's underperformance was driven primarily by negative allocation, driven by the overweight to real estate and financials and underweight to technology sectors. Stock selection was also negative during the quarter, primarily within the financials and consumer discretionary sectors. On a style basis, the fund also benefited from an overweight to management quality and dividend yield, but the underweight to size and beta detracted from performance.

Positive and negative contributors to performance

The overweight to and stock selection within financials were the largest detractors from performance, driven by the financial services companies, which lagged during the quarter on slower than expected consumer spending. The overweight to the real estate sector and underweight to IT detracted from performance. On the positive side, the underweight to energy and healthcare added to performance.

On an individual position basis, the underweight to NVIDIA Corporation (9.42% of total net assets) was the largest individual detractor from performance. The company's first-quarter results surpassed expectations, driven by robust performance in direct current power (DC), gaming, and artists and repertoire (A&R). In addition, the fund's position within Target Corporation (1.32%) detracted from performance; the company lagged due to a decline in comparable sales, and it missed the first-quarter earnings estimates. The underweight to Apple (9.90%) also detracted from performance. On the positive side, the underweight to Intuit (1.67%) and lack of exposure to Accenture and AbbVie were among the top contributors to performance during the quarter.

Looking ahead

Investors have been lulled into a false sense of security concerning the resiliency of the U.S. economy. Investors believe the economy is in a steady state if nothing changes. Inflation will likely remain in a downtrend, but a return to target levels is unlikely. At some point, stocks are likely to run into difficulty when earnings estimates come under pressure. Considering the market environment, the fund is continuing to focus on higher-quality companies with more earnings predictability. The largest buys for the fund included Apple and NVIDIA, and the addition of more Intuit Inc. to the portfolio. The largest sells included Applied Materials, Adobe, and Autodesk. At the end of the quarter, the fund held the largest overweight positions in real estate and financials while being underweight technology 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, 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 Growth Fund (SJGIX)	6.04	18.64	30.90	7.60
Russell 1000 Growth Index	8.33	20.70	33.48	8.27

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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