

Steward Large Cap Growth Fund

Commentary | Quarterly update: 1Q24

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	11.27
Apple Inc.	7.41
NVIDIA Corporation	6.75
Alphabet Inc. Class A	5.37
Amazon.com, Inc.	5.23
Meta Platforms Inc Class A	3.15
Mastercard Inc. Class A	2.74
Visa Inc. Class A	2.72
Home Depot, Inc.	2.49
Salesforce, Inc.	1.96
Total % of portfolio	49.09

Markets and performance

The Steward Large Cap Growth Fund rose 11.89% in the first quarter, outperforming the Russell 1000 Growth Index (+11.41%) by 48 basis points (bps). Strong stock selection drove the performance during the quarter, while allocation detracted. The fund also benefited from being overweight to companies with strong earnings yield, management quality, and growth, while a smaller cap bias and being slightly underweight to momentum detracted from performance.

Positive and negative contributors to performance

Stock selection within the consumer discretionary sector was one of the top contributors during the period, particularly consumer durable and apparel companies. Selection within the consumer staples sector also proved beneficial, given the exposure to some of the larger retail stores. Selection within the real estate sector provided a boost due to exposure to certain REITs. On the negative side, an overweight to industrials plus stock selection within the sector detracted due to weaker performance from transportation companies.

Looking at individual positions, the fund's underweight to Tesla (0.84% of total net assets) was the largest contributor to performance as the company struggled in the face of weaker than expected EV demand. Exposure to specialty retailers, including Dick's Sporting Goods (1.07% of total net assets) and Williams-Sonoma (1.01% of total net assets), also added value on the backs of a stronger than expected U.S. consumer, along with the lack of exposure to United Healthcare, which struggled during the period, reporting an increase in medical costs. On the negative side, being underweight NVIDIA (6.75% of total net assets) was the largest detractor from performance, as the company significantly outperformed during the period, fueled by strong demand and increased hype of AI. Other detractors included Humana, due to increasing concerns around the profitability of their Medicare Advantage business, and Dropbox (1.02% of total net assets) after earnings, due to unease around the slowing growth of the business.

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 Growth Fund (SJGIX)	11.89	11.89	38.60	5.79
Russell 1000 Growth Index	11.41	11.41	39.00	5.55

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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