

# Steward Large Cap Value Fund

## Commentary | Quarterly update: 4Q 2023

Institutional shares



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Steward Large Cap Value Fund	
Ticker	SJVIX
Inception date	11/15/2021
Prospectus dated	8/28/2023
Prospectus expense ratio <sup>1</sup>	Gross 1.03% Net 0.75%
Primary benchmark	Russell 1000 Value Index

Top 10 holdings (%)	
JPMorgan Chase & Co.	3.47
Berkshire Hathaway, Inc. Class B	2.29
Bank of America Corp.	2.18
Cisco Systems, Inc.	2.04
Verizon Communications, Inc.	1.79
International Business Machines Corp.	1.75
ConocoPhillips	1.67
Coca-Cola Co.	1.58
Gilead Sciences, Inc.	1.52
Goldman Sachs Group, Inc.	1.51
<b>Total % of portfolio</b>	<b>19.80</b>

### Markets and performance

The Steward Large Cap Value Fund rose 11.13% in the fourth quarter, outperforming the Russell 1000 Value Index 9.50% by 163 basis points (bps). The underweight and stock selection within healthcare was the largest contributor to performance driven by the lack of exposure to many of the large pharmaceutical companies. The underweight to Energy and stock selection with a bias toward refineries also added to performance in face of the falling commodity prices. Stock selection within the consumer discretionary sector, driven by the apparel and specialty retailers, added to performance during the quarter. On the negative side, stock selection within industrials and an underweight to communication services detracted from performance.

### Positive and negative contributors to performance

Our higher quality bias (e.g., strong profitability) was not helpful in the quarter. On a position basis, the apparel company, PVH (1.10% of total net assets), was among our strongest contributors as the company benefited from the stronger consumer. The underweight to Exxon Mobil (1.10% of total net assets) also proved beneficial as the company lagged during the quarter as commodity prices fell off to finish the year. The exposure to Ford Motor Company was among our largest detractors, as the company reported disappointing earnings due to increasing supplier costs and costs associated with winding down its investment in Argo AI autonomous driving technology company. Western Union (1.00% of total net assets) also detracted from performance due to concerns at the speed of the company's turnaround and Valero Energy (1.21% of total net assets) traded lower with the declining commodity prices.

### Looking ahead

We expect a more challenging backdrop for stocks in 2024 with softening consumer spending at a time when investor sentiment has turned bullish. Equities are richly valued with volatility near historic lows, even as geopolitical and domestic political risks remain elevated. The main focal point for 2024 is likely to be whether investors can enjoy a Goldilocks (or Nirvana) environment; namely, further significant progress on inflation, decent economic growth and double-digit earnings growth. We are skeptical. Either 1) we get a noticeable slowdown/recession and earnings fall short, or 2) double-digit earnings growth materializes, probably requiring stronger economic growth, less progress (if any) on inflation and a Fed that is boxed in.

At the end of the quarter, the portfolio was overweight information technology, consumer discretionary and financials while underweight utilities, healthcare and communication services.

<sup>1</sup> 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 (%)	QTD	YTD	1-year	Since inception
Steward Large Cap Value Fund	11.13	13.29	13.29	2.26
Russell 1000 Value Index	9.50	11.46	11.46	1.89

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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