

Steward Large Cap Value Fund

Commentary | Quarterly update: 1Q24

Institutional shares



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Snapshot

Ticker	SJVIX
Inception date	11/15/2021
Prospectus dated	8/28/2023
Prospectus expense ratio ¹	Gross 1.03% Net 0.75%
Primary benchmark	Russell 1000 Value Index

Top 10 holdings (%)

JPMorgan Chase & Co.	3.68
Berkshire Hathaway Inc. Class B	2.60
Bank of America Corp	2.20
Cisco Systems, Inc.	1.93
Verizon Communications Inc.	1.87
International Business Machines Corp	1.78
BlackRock, Inc.	1.60
AT&T Inc.	1.60
Cigna Group	1.50
Elevance Health, Inc.	1.49
Total % of portfolio	20.25

Markets and performance

The Steward Large Cap Value Fund rose 11.76% in the first quarter, outperforming the Russell 1000 Value Index (+8.99%) by 277 basis points (bps). The fund benefited from strong stock selection and allocation during the quarter across a wide range of the portfolio, generating positive attribution in eight of the 11 sectors of the market. The fund's slight tilt toward momentum added value as the market continued to trend higher; the exposure to earnings yield and management quality was additive as well. On the negative side, the smaller cap bias and overweight to profitability detracted slightly during the quarter.

Positive and negative contributors to performance

Stock selection within the consumer discretionary, information technology, and energy sectors drove the strong performance. On the negative side, stock selection within industrials and healthcare detracted from performance. Looking at individual stocks, strong performance in the consumer durable and apparel companies, including Williams-Sonoma (1.18% of total net assets), Decker Outdoors (1.03% of total net assets), and Gap Inc. (1.04% of total net assets), added to performance on the back of stronger consumer spending and better than expected earnings results. The fund's exposure to oil refiners, including Marathon Petroleum (1.35% of total net assets) and Valero (1.26% of total net assets), added to performance, as the companies benefited from increasing commodity prices during the quarter. The semiconductor exposure also added value: The fund held positions in Applied Materials (1.13% of total net assets) and Lam Research (1.07% of total net assets) while avoiding Intel, which lagged during the quarter. Finally, the lack of exposure to Boeing added value, given the company's safety issues and management changes. On the negative side, Humana (1.14% of total net assets) was the largest detractor from performance, as the company lagged during the period over concerns about the profitability of their Medicare Advantage Program. The lack of exposure to Walt Disney Company and General Electric detracted from performance, as those companies outperformed during the quarter. Within the industrial sector, transport company C.H. Robinson Worldwide was among the largest detractors, reporting weaker than expected earnings after the top line revenue came under pressure from waning freight volumes.

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 Value Fund (SJVIX)	11.76	11.76	26.77	6.91
Russell 1000 Value Index	8.99	8.99	20.27	5.45

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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