

QUARTERLY UPDATE: 1Q 2022

STEWARD SMALL CAP GROWTH FUND COMMENTARY



written by
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Steward Small Cap Growth Fund - Institutional	
Ticker	SKGIX
Inception Date	11/18/2021
Net Expense Ratio	1.00%
Primary Benchmark	Russell 2000 Growth
Top 10 Holdings	
National Storage Affiliates	2.10%
Qualys, Inc.	2.01%
HealthEquity, Inc.	1.95%
Shockwave Medical, Inc.	1.84%
R1 RCM, Inc.	1.80%
Varonis Systems, Inc.	1.78%
MP Materials Corp.	1.67%
DigitalBridge Group, Inc.	1.65%
Rapid7, Inc.	1.64%
Lattice Semiconductor Corp.	1.64%
Total % of Portfolio	18.07%

Markets and Performance

Equity markets sold off for most of January on worries about a more hawkish Fed and higher (and more persistent) inflation. The Russia/Ukraine fighting only added to the concerns. Including intraday lows, the Russell 2000 Growth Index was down more than 20% at one point before recovering some to close out the quarter at -12.63%. The Steward Small Cap Growth Fund (Institutional shares) returned -9.11%, outperforming the Russell 2000 Growth Index by 3.52%.

Positive and Negative Contributors to Performance

The Fund's top contributors during the period were Renewable Energy Group (1.50% of total net assets), up 42.91%, HealthEquity (1.95% of total net assets), up 52.44%, and Vocera Communications (0.70% of total net assets), up 22.04%. Renewable Energy, a biodiesel and renewable diesel manufacturer, was acquired by Chevron. HealthEquity, a leading provider of HSA and FSA account services, rebounded from the prior quarter on better than expected earnings. In addition, HealthEquity benefits from higher interest rates. Vocera Communications, a provider of communication software for hospitals, was acquired by Stryker.

The Fund's lagging contributors during the period were InMode (0.77% of total net assets), down 47.70%, Vertiv Holdings (0.80% of total net assets), down 43.93%, and Natera (0.60% of total net assets), down 34.28%. InMode, a maker of minimally invasive aesthetic medical products, reported strong earnings and announced a stock buyback. It wasn't enough to offset the dramatic multiple compression that it (and other high-growth companies) felt in the quarter. Vertiv, an equipment supplier to data centers and digital infrastructure, reported a poor quarter as it struggled with parts shortages and delays caused by global supply chain issues. This short-term problem does not affect the long-term, secular growth that the data centers and digital infrastructure are undergoing. Natera, a provider of specialized genetic testing, was the subject of a short report which drove the stock down more than 40% intraday. The company denied the allegations, and company executives announced they would take their pay in stock. We think the stock will recover as the allegations prove false.

Looking Ahead

We expect the market to be more volatile as we move past the COVID-19 recovery phase. While we expect continued economic strength, it will be slowing relative to the recovery pace. A slowing economy combined with the Fed moving into a less accommodative (and eventually a tightening) phase will likely create volatility. This environment makes it all the more important to focus on our key investment pillars - companies with visible and durable growth trends, robust business models, and healthy balance sheets.

Trailing Returns	Qtr	YTD	Since Inception
Steward Small Cap Growth Fund - Institutional	-9.11%	-9.11%	-14.53%
Russell 2000 Growth	-12.63%	-12.63%	18.54%

Source: Morningstar Direct

Index returns shown assume the reinvestment of all dividends and distributions.

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).

Small-cap investments may be subject to smaller companies risk. Stocks of smaller, less seasoned companies are generally subject to greater price fluctuations, less liquidity, higher transaction costs, and higher investment risk than those of larger, more seasoned issuers. Smaller companies may have limited product lines, markets, or financial resources, and they may be dependent on a limited management group or lack substantial capital reserves or an established performance record. There is generally less publicly available information about such companies than for larger, more established companies.

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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