



# STEWARD SMALL CAP GROWTH FUND

## COMMENTARY | QUARTERLY UPDATE: 2Q 2023

Institutional Shares



written by **Brent Lium, CFA®** Managing Director – Head of Equity Investments

Steward Small Cap Growth Fund - Institutional	
Ticker	SKGIX
Inception Date	11/15/2021
Prospectus Dated	8/28/2022
Prospectus Expense Ratio	Gross 1.31% Net 1.00%
Primary Benchmark	Russell 2000 Growth

Top 10 Holdings	
Iridium Communications, Inc.	2.58%
World Wrestling Entertainment	2.49%
Shockwave Medical, Inc.	2.38%
Box, Inc.	2.21%
HealthEquity, Inc.	2.19%
Cboe Global Markets, Inc.	2.12%
Qualys, Inc.	1.96%
Amphastar Pharmaceuticals, Inc.	1.83%
Academy Sports & Outdoors	1.77%
Intra-Cellular Therapies, Inc.	1.76%
<b>Total % of Portfolio</b>	<b>21.29%</b>

### Markets and Performance

In the quarter ending June 30, 2023, the Steward Small Cap Growth Fund returned 5.03% trailing the primary benchmark, the Russell 2000 Growth, by 2.02%. The Russell 2000 Growth index was up 7.05% during the quarter. Stock selection in technology and consumer discretionary led to the underperformance. In addition, not owning a single stock, Super Micro Computer, which was up 133.93% in the quarter hurt relative performance by 53 basis points.

### Positive and Negative Contributors to Performance

The Fund's top contributors during the period were Symbotic (0.90% of total net assets), up 78.28%, Navitas Semiconductor (1.61% of total net assets), up 44.19%, and Amphastar Pharmaceuticals (1.83% of total net assets), up 53.25%. Symbotic, a robotic warehouse automation supplier, in addition to a strong earnings report, gained investor interest after being highlighted at the Walmart analyst day as they are contracted to automate all of their distribution centers. Navitas Semiconductor continued its strong year to date performance with a much better than expected earnings report. Their Gallium-Nitride chips are the next generation chips for charging and powering phones, solar components, and other electronics as they are smaller and more efficient than current silicone chips. Amphastar Pharmaceuticals, focused on hard to produce generic drugs, reported another strong revenue and earnings growth quarter.

The Fund's bottom contributors during the period were BioXcel Therapeutics (0.31% of total net assets), down 64.31%, Chegg (0.80% of total net assets), down 45.83%, and Academy Sport and Outdoors (1.77% of total net assets), down 17.02%. BioXcel Therapeutics, maker of an FDA approved drug to treat agitation in Schizophrenia, released phase 3 trial results for their drug to treat agitation in dementia patients. While the trial results were positive, there was a data discrepancy in one patient in the trial in the placebo arm. This obviously scared the market, but we believe the discrepancy is minor and will be cleared up with the FDA in relatively short order. Chegg, a provider of online education services and subscriptions to the K-12 and university markets, continues to struggle with the excitement around ChatGPT and how it will negatively affect their business. While it will certainly have a negative disruption to their business, we feel the selloff in the stock is overdone. Academy Sports and Outdoors, the second largest sporting goods retailer, saw sales disappoint in the quarter as revenue returns to more normal levels post the covid lock down peaks. We feel this is a minor blip on a long-term growth path for Academy.

The net expense ratio reflects a contractual commitment by the Fund's investment adviser to waive fees and/or reimburse expenses through August 27, 2023. Absent the waiver and/or reimbursement, expenses would be higher and total returns would be less. Please see the prospectus for details.

**Looking Ahead**

Looking forward, we think the nearly 5% increase in Fed fund rates over roughly the last year is beginning to trickle into the economy. Economic data is slowing and there were a couple banking casualties due to higher rates. Given that setup, we are positioning the portfolio in a more defensive manner. We feel our focus on businesses with secular growth, good business models, and strong balance sheets will help us weather such a potential environment.

Performance	QTD	YTD	1 Year	Since Inception
Steward Small Cap Growth Fund - Institutional	5.03%	11.95%	7.96%	-17.84%
Russell 2000 Growth	7.05%	13.55%	18.53%	-15.01%

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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**Crossmark Global Investments, Inc.**  
 15375 Memorial Drive, Suite 200, Houston, TX 77079  
 888.845.6910 [advisorsolutions@crossmarkglobal.com](mailto:advisorsolutions@crossmarkglobal.com)  
[crossmarkglobal.com](http://crossmarkglobal.com)

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