

Steward Small Cap Growth Fund

Commentary | Quarterly update: 1Q24

Institutional shares



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Snapshot

Ticker	SKGIX
Inception date	11/15/2021
Prospectus dated	8/28/2023
Prospectus expense ratio ¹	Gross 1.58% Net 1.00%
Primary benchmark	Russell 2000 Growth Index

Top 10 holdings (%)

Super Micro Computer, Inc.	3.75
Shockwave Medical Inc	1.77
Viking Therapeutics, Inc.	1.72
MicroStrategy Inc. Class A	1.71
Procore Technologies Inc	1.65
Casella Waste Systems, Inc. Class A	1.59
Sprouts Farmers Market, Inc.	1.56
HealthEquity Inc	1.50
National Storage Affiliates Trust	1.49
Landstar System, Inc.	1.48
Total % of portfolio	18.23

Markets and performance

The stock market strength that ended 2023 continued into the first quarter of 2024, as the economy continued to show resilience in the face of higher interest rates. The long anticipated recession continues to be pushed out, if not put off completely. Steward Small Cap Growth Fund returned 8.66% in the first quarter, besting the primary benchmark, the Russell 2000 Growth, which returned 7.58%. Security selection in Healthcare and Utilities drove the outperformance while security selection in Technology hurt performance.

Positive and negative contributors to performance

The fund's top contributors during the period were Super Micro Computer (2.46% of total net assets), up 255.32%, Shockwave Medical (1.88% of total net assets), up 70.88%, and Vistra (1.33% of total net assets), up 79.97%. Shockwave, a maker of devices to treat blocked arteries utilizing soundwaves, reported another strong quarter with revenue growth of over 40%. In addition, rumors surfaced that Johnson & Johnson wanted to acquire them. Super Micro provides server components for data centers and is experiencing the same explosive growth that is driving NVIDIA and the AI boom. Wall Street finally woke up to the myriad of changes over the last few years at Vistra, an electric power producer. They have dramatically paid down debt, stabilized business trends, acquired greener generation assets, and reinstated and subsequently increased its dividend. All of this led to a major rerating of the stock to a valuation similar to other power producers. We used the strength to take profits and exit the position.

The fund's bottom contributors during the period were Amphastar Pharmaceuticals (1.49% of total net assets), down 29.01%, and Navitas Semiconductors (0.91% of total net assets), down 40.89%. Amphastar, a manufacturer of hard to produce generic drugs, reported a disappointing quarter, with expenses higher than expected. We believe this is a temporary issue and their fundamentals will return to trendline. Navitas, a leading semiconductor chip company, provided revenue guidance for Q1 of 2024 to nearly double, which was below Wall Street's expectations. We believe Navitas's GaN chips are in the very early innings of replacing silicon in power applications with a decade of growth in front of them. We continue to hold it.

Looking ahead

Looking forward, the economic data continues to show more strength than we anticipated despite the large increases in interest rates from the Fed. Also, inflation is continuing to come down, albeit slowly. The fund is positioned neutrally from a macro, top-down perspective. Instead, the fund is concentrating on finding the companies that best exhibit the three pillars of our investment process. We continue to focus on businesses with secular growth, good business models, and strong balance sheets, which we believe will help us outperform over the entire business cycle.

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 Small Cap Growth Fund (SKGIX)	8.66	8.66	17.51	-8.33
Russell 2000 Growth Index	7.58	7.58	20.35	-6.00

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).

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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