

# Steward Equity Market Neutral Fund

Commentary | Quarterly update: 3Q24

Institutional shares



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## Snapshot

Ticker	SMNIX
Inception date	11/15/2021
Prospectus dated	8/28/2024
Prospectus expense ratio	2.33%
Primary benchmark	ICE BofA US Treasury Bill 3 Month Index

## Top 10 long holdings (%)

Booking Holdings Inc.	1.19
Intuit Inc.	1.17
WESCO International, Inc.	1.11
Trane Technologies plc	1.10
Ralph Lauren Corp. Class A	1.09
LPL Financial Holdings Inc.	1.09
American Tower Corp.	1.09
Crocs, Inc.	1.09
Hasbro, Inc.	1.09
Iron Mountain, Inc.	1.08
<b>Total % of portfolio</b>	<b>11.10</b>

## Top 10 short holdings (%)

Air Products and Chemicals, Inc.	-1.12
Atmos Energy Corp.	-1.11
Blue Owl Capital, Inc. Class A	-1.07
Chemours Co.	-1.07
Brown-Forman Corp. Class B	-1.06
Carlyle Group Inc	-1.05
Bio-Techne Corp.	-1.05
Yum! Brands, Inc.	-1.05
Astera Labs, Inc.	-1.03
Stericycle, Inc.	-1.03
<b>Total % of portfolio</b>	<b>-10.66</b>

## Markets and performance

Steward Equity Market Neutral Fund returned 0.27% during the third quarter, underperforming the ICE BofA US Treasury Bill 3 Month Index benchmark (+1.37%) by 104 basis points (bps). During the quarter, the long portfolio was the primary driver of positive returns in the strong equity market and slightly outperformed the short portfolio.

## Positive and negative contributors to performance

This quarter's performance was primarily influenced by a positive allocation effect of 6 bps. Within the portfolio, the long portfolio was the most significant contributor to performance with a total effect of 5.25%, led by the financials sector, which alone contributed 1.75%. Conversely, the short portfolio detracted from overall performance, showing a total effect of -5.18%, with the financials sector within this group being the largest detractor at -1.45%.

Looking at the individual stocks, the top-performing long positions included CBRE Group (1.04%), Iron Mountain (1.08%), and Jones Lang LaSalle Inc. (1.01%); the largest detractors from performance included McKesson (0.93%), Macy's (0.89%), and LPL Financial (1.09%). The top contributors within the short portfolio included New Fortress Energy (-0.30%), Celsius Holdings (-0.29%), and Lam Weston Holdings (-0.97%). The worst-performing short positions include MP Materials (-0.95%), Liberty Broadband (-1.01%), and Rocket Companies (-0.97%), which detracted from performance.

## Looking ahead

Any caution toward equities has admittedly been wrong or at least premature. The onset of economic weakness/recession has been delayed by the deployment of a historically large stock of excess savings. Recent government revisions (rarely important but also rarely of this magnitude) have certainly delayed any economic weakness. Excess savings have likely been nearly depleted, and labor market weakness is now apparent.

Considering the market environment, the strategies were continuing to focus on higher-quality companies with more predictability, while shorting lower-quality companies with higher valuations. At the end of the quarter, the fund has the largest net overweight within financials, information technology, and consumer discretionary while underweight industrials, utilities, and materials.

Performance (%)	Quarter	YTD	1-year	Since inception
Steward Equity Market Neutral Fund (SMNIX)	0.27	8.09	7.85	7.86
ICE BofA US Treasury Bill 3 Month Index	1.37	4.06	5.49	3.67

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.

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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 Steward Equity Market Neutral Fund also exposes the investor to short sale risk. An investor's account will incur a loss as a result of a short sale if the price of the security sold short increases in value between the date of the short sale and the date on which the account purchases the security to replace the borrowed security. In addition, the securities sold short may have to be returned to the lender on short notice, which may result in the account having to buy the securities sold short at an unfavorable price to close out a short position. If this occurs, any anticipated gain to the account may be reduced or eliminated or the short sale may result in a loss.

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. With respect to Steward Equity Market Neutral Fund, the values-based screening policies apply only to long positions.

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