

Steward Large Cap Value Fund

Commentary | Quarterly update: 3Q24

Institutional shares



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Snapshot

Ticker	SJVIX
Inception date	11/15/2021
Prospectus dated	8/28/2024
Prospectus expense ratio ¹	Gross 0.99% Net 0.75%
Primary benchmark	Russell 1000 Value Index

Top 10 holdings (%)

JPMorgan Chase & Co.	3.39
Berkshire Hathaway Inc. Class B	2.33
Walmart Inc.	2.14
Bank of America Corp.	2.07
International Business Machines Corp.	1.84
Verizon Communications Inc.	1.77
Caterpillar Inc.	1.65
Lowe's Companies, Inc.	1.64
AT&T Inc.	1.64
Citigroup Inc.	1.51
Total % of portfolio	19.98

Markets and performance

Steward Large Cap Value Fund returned 10.15% in the third quarter, outperforming the Russell 1000 Value Index (9.43%) by 72 basis points (bps). The outperformance was driven by positive allocation combined with positive stock selection.

Positive and negative contributors to performance

Financials and real estate were notable contributors, enhancing the portfolio's performance by 95 bps and 53 bps, respectively. Within these sectors, financial services and real estate management & development stood out as the largest contributors, adding 22 bps and 49 bps to the performance, respectively. Stock selection within the industrial sector also benefited returns, adding 45 bps to the performance. On the negative side, stock selection and allocation within information technology, the underweight to utilities, and stock selection within healthcare detracted from performance.

On an individual position basis, CBRE Group (1.15%) was the best-performing stock in the portfolio, as the company posted strong revenue, profitability, and cash flow growth surpassing expectations while increasing full-year earnings guidance. In addition, PayPal Holdings Inc. (1.32%), contributed to the relative outperformance after posting strong financial performance with significant growth across key financial metrics, including an 11% increase in payment volume and a 9% revenue growth. On the negative side, Macy's Inc. (0.90%) was the largest detractor from performance, as the company traded lower due to a tougher promotional environment and ongoing pressures on consumer discretionary spending. In addition, Lam Research Corporation (0.00%) detracted from performance, as the company traded lower on macroeconomic concerns despite strong earnings results.

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 fund continues focus on higher-quality companies with more earnings predictability. During the quarter, the fund trimmed exposure to the information technology, financials, and real estate sectors, while adding exposure to consumer discretionary, consumer staples, and healthcare. The largest additions to the fund included Walmart Inc. (2.13%), March McLennan (1.38%), and Wells Fargo & Co. (1.25%). The largest sells included Cisco Systems, S&P Global, and Home Depot. At the end of the quarter, the fund held the largest overweight positions in consumer discretionary and financials while being underweight healthcare and utilities.

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, 2025. 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)	10.15	20.28	33.67	8.41
Russell 1000 Value Index	9.43	16.68	27.76	6.99

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 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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