

STEWARD FUNDS, INC.  
on behalf of its series  
Steward Large Cap Enhanced Index Fund  
Steward Small-Mid Cap Enhanced Index Fund  
Steward International Enhanced Index Fund  
Steward Select Bond Fund  
Steward Global Equity Income Fund  
Steward Covered Call Income Fund  
(each a “Fund” and collectively, the “Funds”)

15375 Memorial Drive, Suite 200,  
Houston, TX 77079

July 1, 2019

Dear Shareholder:

We cordially invite you to attend a Special Meeting of Shareholders (the “Meeting”) of Steward Funds, Inc. and the Funds at 9:00 a.m. Central Standard Time on July 29, 2019 to consider the proposals described in the enclosed proxy statement. Please read the enclosed information carefully and then submit your vote promptly.

**Proposal 1**      **To elect six (6) Directors**

all Funds

**Proposal 2**      **To act on a proposal to approve a new investment advisory agreement for each of the Funds**

all Funds

**Other**            **To transact any other business that may properly come before the Meeting or any adjournment or postponement thereof**

Detailed information concerning these proposals is contained in the enclosed Proxy Statement. We strongly urge you to participate in the Meeting by reviewing the Proxy Statement and completing, signing and returning the proxy card promptly in the enclosed postage-paid envelope. It is important that your vote be received no later than **July 26, 2019**. If you have questions regarding these materials please call Patricia Mims at 1-800-262-6631 ext. 6764.

Sincerely,



Michael L. Kern, III, CFA  
President & Treasurer of Steward Funds, Inc.



## **QUESTIONS AND ANSWERS**

### **PROPOSAL 1 (ALL FUNDS)**

#### **What am I being asked to vote on?**

You are being asked to elect each of the six current Directors (the “Nominees”) of Steward Funds, Inc. (“SFI” and its series, the “Funds”), including Richard J. Rossi, who was appointed by the Board of Directors (the “Board”) as an independent Director on May 16, 2019. Each of the Nominees other than Mr. Rossi was previously elected by shareholders on August 7, 2017. On May 16, 2019, the Board and its Nominating and Corporate Governance Committee each approved the nomination of the Nominees and submits the Nominees for election by shareholders.

#### **Why am I being asked to approve the Proposal?**

Although not required under applicable law or SFI’s Articles of Incorporation or By-Laws, the Board determined it to be appropriate and desirable to submit Mr. Rossi for election by shareholders as an independent Director, following his appointment by the Board. In addition, pursuant to SFI’s By-Laws, the term of office of each Director terminates upon the next election of Directors. Therefore, because Mr. Rossi is submitted for election by shareholders as a Director, each of the other Directors must also be submitted for re-election by shareholders. If elected, each Director will serve on the Board from the time of his or her election and qualification until the election of Directors next succeeding his or her election and until his or her successor is elected and qualified. The Funds do not hold regular annual meetings of shareholders to elect Directors and currently have no plans to schedule an annual or a special meeting of shareholders following the Meeting, so, if elected, each Director will serve for an indefinite period.

#### **Why does the Board recommend the election of the Nominees?**

The Board believes Mr. Rossi brings additional experiences and skills to the Board that are complementary to those of the other five Directors, including over thirty years of experience in financial product sales and marketing. In light of efforts being made by the Funds’ investment adviser, Crossmark Global Investments, Inc., and its affiliates to expand the sales and marketing channels available to the Funds in the broader retail and institutional markets, the Board believes it is valuable for the Funds to have a member of the Board who has a sales and marketing background. In addition, Mr. Rossi has seventeen years of experience in the mutual fund industry, serving as an officer of a mutual fund complex, its investment advisory firm sponsor and the sponsor’s affiliated brokerage firm before his

retirement in 2017. The Board believes this experience will be beneficial to the Board in its role in evaluating proposals related to, among other things, sales and marketing activities undertaken on behalf of the Funds, as well as any future product offerings.

Prior to appointing Mr. Rossi as an independent Director, SFI's Nominating and Corporate Governance Committee, which is comprised solely of all the independent Directors, fully vetted Mr. Rossi and determined that he is well-qualified to oversee the management of the Funds and act in the best interests of the Funds. The Nominating and Corporate Governance Committee also determined that Mr. Rossi satisfies the requirements to act as a director of registered investment companies, such as the Funds, and to act as an independent director of SFI.

The Nominating and Corporate Governance Committee also determined that each of the other Nominees continues to be well-qualified to oversee the management of the Funds and act in the best interests of the Funds, that each of the other Nominees continues to satisfy the requirements to act as a director of registered investment companies, such as the Funds, and that each of the other independent Director Nominees continues to satisfy the requirements to act as an independent director of SFI.

## **PROPOSAL 2 (ALL FUNDS)**

### **What am I being asked to vote on?**

You are being asked to approve a new investment advisory agreement between Crossmark Global Investments, Inc. (the "Adviser" and together with its affiliates, "Crossmark") and SFI, on behalf of your Fund (the "New Advisory Agreement"). The New Advisory Agreement is attached to the Proxy Statement as Appendix B.

### **Why am I being asked to approve the Proposal?**

The purpose of this Proposal is to approve the New Advisory Agreement for each of the Funds. The Proposal is part of a broader initiative proposed by the Adviser to restructure and consolidate the Funds' current agreements with the Adviser and its affiliate, Crossmark Consulting, LLC ("Crossmark Consulting") and to reset the Adviser's fees charged to the Funds to provide the resources needed for the Adviser to continue to provide high quality services to the Funds at current asset levels and if assets grow.

Prior to 2015, SFI and its series were managed primarily as pooled investment vehicles specifically for investment by the Ministers Benefit Plan, a 403(b) retirement plan sponsored by AG Financial Solutions, the Adviser's

ultimate parent company. Accordingly, the fees charged by Crossmark to SFI and its series were priced by Crossmark at levels commensurate with the more limited resources needed by the Adviser to manage the investments and flows primarily from the 403(b) plan.

Since 2015, Crossmark has been engaged in reorienting the Funds' business seeking to expand the Fund's shareholder base from mainly the 403(b) plan and certain non-profit organizations to include a broader group of both retail and institutional investors, including through intermediary platforms, in an effort to increase the net assets of the Funds. In doing so, Crossmark aims to provide benefits to shareholders typically associated with larger funds, including lower expense ratios from economies of scale. The Adviser would also benefit from larger Funds through increased fees.

In connection with the changes to the Funds' business, Crossmark undertook to review all aspects of the Funds' business, including in 2018 – 2019 a comprehensive review of the Funds' agreements with all service providers, including Crossmark. Crossmark also considered the resources needed for the Adviser to continue to provide high quality services to the Funds at current asset levels and if assets grow, in light of its reorientation of the Fund's business.

Based on its review and in light of its conclusions described in the Proxy Statement, Crossmark proposes that the Funds' four current agreements with the Adviser and Crossmark Consulting for advisory, values-based screening, administration and compliance services (the "Current Agreements") be replaced with two new agreements with the Adviser, the New Advisory Agreement and a new Administration Agreement (the "New Administration Agreement" and together with the New Advisory Agreement, the "New Agreements"), that would cover the same services currently provided to the Funds under the Current Agreements. In connection with the New Agreements, Crossmark also proposes to reset the fees for its services, including (1) materially increasing the advisory fees charged to Steward Global Equity Income Fund and Steward Covered Call Income Fund and (2) revising the fee breakpoint schedules for all Funds by eliminating any breakpoint at \$500 million, resulting in higher fee rates, as compared to the current fee rates, for aggregate advisory and values-based screening services on assets above \$500 million if assets of a Fund grow to that size. Note that none of the Funds currently have assets above \$500 million.

The Board approved the New Agreements at a meeting held on May 16, 2019, and shareholders are now being asked to approve the New Advisory Agreement. The Board recommends that shareholders of each Fund vote to approve the New Advisory Agreement for their Fund. The New

Administration Agreement is not subject to shareholder approval and, therefore, shareholders of each Fund are not being asked to approve the New Administration Agreement for their Fund as part of this Proposal.

**Will the fees charged and services provided by the Adviser change under the New Advisory Agreement?**

Under the New Advisory Agreement, shareholders of Steward Global Equity Income Fund and Steward Covered Call Income Fund would pay materially higher fee rates and each other Fund would pay slightly higher fee rates, as compared to the current fee rates, for the same aggregate advisory and values-based screening services, at current asset levels. In addition, shareholders of each Fund would pay higher fee rates, as compared to the current fee rates, for aggregate advisory and values-based screening services on assets above \$500 million if assets of the Fund grow to that size. Note that none of the Funds currently have assets above \$500 million. For additional information on the expected changes to the Funds' total expense ratios under the New Agreements, see "Impact of Proposal on Fund Fees" in the Proxy Statement.

The services provided to the Funds under the New Agreements would be the same as the services currently provided under the Current Agreements. The New Advisory Agreement would cover advisory and values-based screening services and the New Administration Agreement would cover administration and compliance services. For a comparison of the material terms of the current Investment Advisory Agreement and the New Advisory Agreement, see "Comparison of Current Advisory Agreement and New Advisory Agreement" in the Proxy Statement.

**Why does the Board recommend the approval of the New Advisory Agreement?**

The Board believes the New Advisory Agreement, as well as the Adviser's broader initiative described above, is appropriate for each of the Funds. In light of the changes to the Funds' business noted above, the Board believes the structure of the New Agreements, and the resetting of fees thereunder, would better align the Funds with peer funds in the broader retail and institutional markets and help to ensure the continued provision of high quality services by Crossmark. In addition, the Board considered that the proposed advisory fee increases under the New Advisory Agreement for Steward Global Equity Income Fund and Steward Covered Call Income Fund would align these Funds with actively-managed peer funds and better reflect the extent of services provided to the Funds and the performance that has been achieved for the Funds. See "Board Considerations Regarding Approval of New Advisory Agreement" in the Proxy Statement for the factors that the Board considered in approving the New Advisory Agreement for each of the Funds.

## **What will happen if shareholders do not approve the New Advisory Agreement?**

In the event that shareholders of a Fund do not approve the New Advisory Agreement for such Fund, the current Investment Advisory Agreement (the “Current Advisory Agreement”) and the Letter Agreement for the provision of values-based screening services for such Fund, including the current fee rates thereunder, would remain in effect. If the New Advisory Agreement is approved by shareholders of some of the Funds and not by others, the New Advisory Agreement would go into effect for those Funds whose shareholders approved the New Advisory Agreement, and the Current Advisory Agreement and the Letter Agreement, including the current fee rates thereunder, would remain in effect for those Funds whose shareholders did not approve the New Advisory Agreement. The New Administration Agreement is not subject to shareholder approval and will go into effect for all Funds on August 1, 2019 whether or not shareholders of each of the Funds approve the New Advisory Agreement.

## **GENERAL**

### **Will my vote make a difference?**

Your vote is very important no matter how many shares you own and can make a difference in the management of the Funds. Voting your shares early will eliminate the need for follow-up mail and telephone solicitation.

### **Who is paying for preparation, printing and mailing of the Proxy Statement?**

The costs associated with the Proxy Statement, including the mailing and proxy solicitation costs, will be borne by the Adviser.

### **When will the Meeting be held?**

The Meeting will be held at 9:00 a.m. Central Standard Time on July 29, 2019, unless it is adjourned or postponed.

### **Will the Fund’s Board attend the Meeting?**

One or more Directors plan on attending the Meeting.

### **How do I vote my shares?**

You can vote your shares by completing, signing and returning the proxy card promptly in the enclosed postage-paid envelope. You can also vote your shares by telephone or via the Internet by following the instructions on the proxy card and the accompanying materials. You may

also vote in person at the Meeting. If you need assistance, or have any questions regarding the proposals or how to vote your shares, please call Patricia Mims at 1-800-262-6631 ext. 6764.

**STEWARD FUNDS, INC.**  
**on behalf of its series**  
**Steward Large Cap Enhanced Index Fund**  
**Steward Small-Mid Cap Enhanced Index Fund**  
**Steward International Enhanced Index Fund**  
**Steward Select Bond Fund**  
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**(each a “Fund” and collectively, the “Funds”)**

**15375 Memorial Drive, Suite 200,  
Houston, TX 77079**

**Notice of Special Meeting of Shareholders  
To be held on July 29, 2019**

**Notice is hereby given** that a Special Meeting of Shareholders (the “Meeting”) of Steward Funds, Inc. and its series, Steward Large Cap Enhanced Index Fund, Steward Small-Mid Cap Enhanced Index Fund, Steward International Enhanced Index Fund, Steward Select Bond Fund, Steward Global Equity Income Fund and Steward Covered Call Income Fund (each a “Fund” and collectively, the “Funds”), will be held on July 29, 2019 at the Funds’ principal executive offices, 15375 Memorial Drive, Suite 200, Houston, Texas 77079, at 9:00 a.m. Central Standard Time for the following purposes, which are more fully described in the Proxy Statement:

**Proposal 1**      **To elect six (6) Directors**

all Funds

**Proposal 2**      **To act on a proposal to approve a new investment advisory agreement for each of the Funds**

all Funds

**Other**            **To transact any other business that may properly come before the Meeting or any adjournment or postponement thereof**

The Funds’ Board of Directors has fixed the close of business on May 16, 2019 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Meeting or any adjournment or postponement thereof.

**The Funds’ Board of Directors unanimously recommends that you vote FOR each of the nominees for Director in Proposal 1 and FOR Proposal 2.**

Your vote is important, regardless of the number of shares you own of a Fund. You can vote easily using any of the three methods described on the Proxy Card enclosed in this mailing. You may also vote in person at the Meeting.\*

We are happy to answer your questions or provide additional information upon request. Please call Patricia Mims at 1-800-262-6631 ext. 6764.

**Important Notice Regarding the Availability of Proxy Materials for the Special Meeting to be Held on July 29, 2019.**

This Notice of Special Meeting of Shareholders, the Proxy Statement and the Form of Proxy Card are available at [www.stewardfunds.com](http://www.stewardfunds.com) (links to the documents are included at the top of the page). Additional information about the Funds is available in their prospectus, statement of additional information and annual report to shareholders. The most recent annual report for the Funds for the fiscal year ended April 30, 2019 has been mailed separately to shareholders. If you would like to receive copies of the Funds' most recent annual report and subsequent semi-annual report (if available) free of charge, please contact the Funds at the address indicated on the front page of the Proxy Statement or call the Funds toll-free at 1-800-262-6631. Any such reports requested will be sent by first class mail within three business days of receipt of the request.

By Order of the Board of Directors,  
Steward Funds, Inc.



Patricia L. Mims, Secretary  
Date: July 1, 2019

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\* To attend the Meeting in person, you will need to show proof of ownership of shares of the Funds, such as your proxy card (or a copy thereof) or, if your shares are held of record by a financial intermediary, such as a broker, or nominee, a proxy card from the record holder or other proof of beneficial ownership, such as a brokerage statement showing your holdings of shares of the Funds as of the record date, May 16, 2019.