

Steward Global Equity Income Fund

Commentary | Quarterly update: 2Q24

Institutional shares



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Snapshot

Ticker	SGISX
Inception date	4/1/2008
Prospectus dated	8/28/2023
Prospectus expense ratio	1.02%
Primary benchmark	MSCI World Index

Top 10 holdings (%)

Taiwan Semiconductor Manufacturing	2.97
Cigna Group	2.90
Gap, Inc.	2.63
ASE Technology Holding Co., Ltd.	2.43
McDonald's Corporation	2.29
Texas Instruments Incorporated	2.25
HP Inc.	1.93
Amgen Inc.	1.91
NetApp, Inc.	1.91
Canadian Natural Resources Ltd.	1.90
Total % of portfolio	23.13

Markets and performance

Performance for the global equity markets overall returned mixed results for the second quarter of 2024. Steward Global Equity Income Fund's primary benchmark, the MSCI World Index, ended the quarter with a return of 2.78%. Dividend stocks overall underperformed the general equity market. For global dividend index comparison purposes, the MSCI World High Dividend Yield Index returned -1.49% during the period. The fund return was -1.80%.

Positive and negative contributors to performance

The leading positive contributors to performance included Taiwan Semiconductor Manufacturing Co. (2.58% of total net assets), Broadcom Inc. (1.65% of total net assets), and HP Inc. (1.74% of total net assets). These three stocks rose 28.07%, 21.53%, and 16.76%, respectively, during the second quarter. CVS Health (1.29% of total net assets), Gap, Inc. (2.56% of total net assets), and Brunswick Corporation (1.13% of total net assets) were the leading negative contributors, returning -25.25%, -12.72%, and -24.23% respectively. Relative to the MSCI World Index, performance was negatively impacted by NVIDIA, Apple, and Alphabet Inc. (GOOGL), which rose 36.74%, 22.99%, and 20.82%, respectively. These stocks were excluded from the fund because their dividend yields failed to meet longstanding minimum criteria for the strategy. Information technology and financials were the leading positive sector contributors to performance. Consumer discretionary and healthcare were the leading negative sector contributors. International exposure in the fund, especially Taiwan and the United Kingdom, outperformed relative to the U.S.

For the second quarter, the values-based investment policies had a net positive impact on performance. For example, the Steward screening criteria restricted benchmark companies Johnson & Johnson, Bristol-Myers Squibb, and Merck from purchase in the fund due to their embryonic stem cell research. During the second quarter, these stocks returned -6.85%, -22.52%, and -5.61%, respectively. Not owning these underperforming stocks positively impacted performance for shareholders in the Steward Global Equity Income Fund.

Looking ahead

The U.S. and Europe are experiencing moderate economic growth while China's economic reopening and stimulus measures could boost regional growth in Asia. Despite inflation decelerating in many parts of the world, it remains above central bank targets. While the pace of interest rate hikes may slow, investors should expect relatively high interest rates. This impacts dividend stocks, particularly those with higher yields. Geopolitical conflicts and trade disputes could disrupt markets, affecting global supply chains and economic stability. Companies with the ability to pass on costs to consumers should outperform. Our investment strategy will remain grounded in companies with strong, resilient balance sheets that support rising dividends, favorable earnings growth, and robust free cash flow.

Performance (%)	Quarter	YTD	1-year	3-year	5-year	10-year	Since inception
Steward Global Equity Income Fund (SGISX)	-1.80	5.34	14.89	4.30	8.95	8.53	7.81
MSCI World Index	2.78	12.04	20.75	7.38	12.32	9.73	8.17
MSCI World High Dividend Yield Index	-1.49	3.95	9.33	4.24	6.26	5.38	5.13
S&P Global 1200 Index	3.13	12.49	20.61	7.41	12.21	9.71	8.12

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).

Investments in securities of issuers in foreign countries involves additional risks not associated with domestic investments. These risks include, but are not limited to: (1) political and financial instability; (2) currency exchange rate fluctuations; (3) greater price volatility and less liquidity in particular securities and in certain foreign markets; (4) lack of uniform accounting, auditing, and financial reporting standards; (5) less government regulation and supervision of some foreign stock exchanges, brokers and listed companies; (6) delays in transaction settlement in certain foreign markets; (7) less availability of information; and (8) imposition of foreign withholding or other taxes.

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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