CROSSMARK
GLOBAL INVESTMENTS

Steward Select Bond Fund

Commentary | Quarterly update: 2Q24

Institutional shares

Victoria Fernandez, CFA® Chief Market Strategist

Snapshot	
Ticker	SEACX
Inception date	10/1/2004
Prospectus dated	8/28/2023
Prospectus expense ratio	0.74%
Primary benchmark	Bloomberg US Government/ Credit Bond Index

Top 10 holdings (%)	
Qualcomm Incorporated 4.65% 20-may-2035	1.99
L3harris Technologies, Inc. 5.4% 31-jul-2033	1.55
Government Of The United States Of America 4.0% 31-jul-2030	1.51
American Express Company 4.05% 03-may-2029	1.47
Valero Energy Corporation 4.0% 01-apr-2029	1.45
Nike, Inc. 2.85% 27-mar-2030	1.37
Visa Inc. 4.3% 14-dec-2045	1.33
Marathon Oil Corporation 6.6% 01-oct-2037	1.11
Home Depot, Inc. 5.875% 16-dec-2036	1.08
Federal Home Loan Bank System 5.25% 22-jan-2029	1.03
Total % of portfolio	**13.90**

Markets and performance

The second quarter of the year finally brought what many investors globally were waiting for—rate cuts by central banks. However, that was not a universal move. Many central banks have held steady at current high levels, like the Federal Reserve, and some have even discussed increasing rates as inflation continues to be a harder problem to conquer than originally believed. Shorter-term or more tactical investment decisions will continue to revolve around the timing of interest rate cuts which U.S. markets are pricing in around September, although any of the FOMC meetings seem to be in play. Mixed economic reports have proven to muddy the waters in trying to determine the exact path forward vis a vis monetary policy.

Positive and negative contributors to performance

We began the second quarter around the 4.20% level for the U.S. 10-year Treasury, with the following three months above that level and ending the quarter around a 4.35%. There was a spike in yields up to 4.70% in late April, but that move was short-lived as expectations of Fed rate cuts once again pushed yields lower. This yield environment supported the more conservative positioning of the Steward Select Bond Fund, which outperformed the Bloomberg Government/Credit Index, returning -0.20% and -0.68% respectively for the quarter ending June 30, 2024. The 48 basis points of outperformance was due primarily to two factors: the shorter duration of the fund and the selection effect within both the investment-grade corporate and government agency sectors. As we have discussed previously, we have been extending the duration of the fund to be closer to neutral as compared to the benchmark, but we have still maintained the duration somewhat shorter due to the continued volatility and still-unclear timing of rate cuts. There was a drag on overall performance from the sector allocation as the fund has a significant underweight to the treasury sector, which slightly outperformed the corporate sector. The positive contributions to outperformance versus the benchmark were the shorter duration positioning, along with our issuer selection for the corporate allocation and our positioning along the yield curve, taking advantage of high coupons on both the shorter-end and longer-end of the yield curve.

Looking ahead

2023 and 2024 have proven to be, so far, some of the most interesting years of my career, as we have had to throw historic norms out the window as it relates to leading economic and recession indicators and focus on momentum and stubborn inflation. At Crossmark, we err on the side of caution for our fixed income strategies, and we continue to focus on quality, income and yield curves to set our allocations in the Steward Select Bond Fund in a still-uncertain rate environment. Our four-step process of focusing on duration, yield curve placement, sector and security selection allows us to evaluate the economy and participate in opportunistic trades as appropriate while reducing our exposure to rate volatility.

Performance (%)	Quarter	YTD	1-year	3-year	5-year	10-year	Since inception
Steward Select Bond Fund (SEACX)	0.12	-0.20	3.20	-2.56	-0.43	0.82	2.08
Bloomberg US Government/Credit Bond Index	0.05	-0.68	2.74	-3.11	-0.07	1.51	3.09

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

Crossmark Global Investments is a faith-based firm that creates and manages values-based investment strategies for financial intermediaries and their clients. Founded over 35 years ago, the firm has a rich history of inspiring and equipping its clients to go further in aligning their investments with their values. Crossmark is based in Houston, Texas. For more information, visit crossmarkglobal.com.

Contact a member of our Advisor Solutions Team

advisorsolutions@crossmarkglobal.com | 888-845-6910

The Steward Funds are distributed by **Crossmark Distributors, Inc., member FINRA**. Crossmark Distributors is an affiliate of Crossmark Global Investments, Inc., the Steward Funds' investment adviser. Crossmark Global Investments is an investment adviser registered with the Securities and Exchange Commission that provides discretionary investment management services to mutual funds, institutions, and individual clients.

The fund may not achieve its objective if the managers' expectations regarding particular securities or markets are not met. Fixed income investments generally involve three principal risks—interest rate risk, credit risk, and liquidity risk. Prices of fixed-income securities rise and fall in response to interest rate changes (interest rate risk). Generally, when interest rates rise, prices of fixed-income securities fall. The longer the duration of the security, the more sensitive the security is to this risk. There is also a risk that the issuer of a note or bond will be unable to pay agreed interest payments and may be unable to repay the principal upon maturity (credit risk). Lower-rated bonds, and bonds with longer final maturities, generally have higher credit risks. As interest rates rise and/or the credit risk associated with a particular issuer changes, bonds held within a portfolio may become difficult to liquidate without realizing a loss (liquidity 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.

Information and recommendations contained in market commentaries and writings are of a general nature and are not intended to be construed as investment, tax or legal advice. These materials reflect the opinion of Crossmark on the date of production and are subject to change at any time without notice. Where data is presented that was prepared by third parties, the source of the data will be cited, and we have determined these sources to be generally reliable. However, Crossmark does not warrant the accuracy of the information presented.

Not FDIC Insured — No Bank Guarantee — May Lose Value