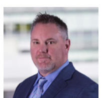
STEWARD FUNDS COMMENTARIES 2Q 2020

STEWARD COVERED CALL INCOME FUND

Commentary



written by

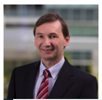
Paul Townsen, Managing Director

The first two quarters of 2020 could not have performed more differently, as the second quarter contained a 44% rally in the S&P 500 Index from the disastrous low of -35% at the end of the first quarter. This second quarter turned out to be the third strongest on record behind 1975 and 1987. As the markets shot up over the second quarter, volatility was still prevalent at times, and the trading team was able to strategically reset the option overlay of the Fund. The Covered Call Income Fund enjoyed a nice quarter, not only from an income perspective but also from a total return standpoint, as the strategy outperformed the benchmark of the BXM. From an attribution angle in regards to S&P sectors, the Fund had positive contributions to return from the financial, communication services, and technology sectors and only had slight negative contributions from the healthcare sector. Several individual names worth mentioning that performed well during the second quarter were Lowes (LOW), Alphabet (GOOG), Facebook (FB), Microsoft (MSFT), and Apple (AAPL).

Performance of the Fund can also be affected by the Fund's values-based investment policies, which avoid investments in companies whose primary business is associated with alcohol, tobacco, gambling, life ethics issues, or mature content production. The Fund was able to invest in some companies that were previously avoided due to investment guideline changes implemented by the Fund's Board of Directors during the first quarter of this year. The approval of adding Amazon (AMZN) and Netflix (NFLX) to the Fund greatly attributed to positive performance in the second quarter.

As we bring the second quarter to a close and head to the heat of the summer, there are several events worth mentioning that will affect the markets one way or another. Earnings season kicks off in earnest towards the second week of July, and we will continue to have the daily COVID-19 data in the US to monitor. A rebound in economic output plus corporate earnings, and ongoing monetary policy stimulus, should provide support for the markets in the near future. However, volatility will be prevalent over the next several months, sparked by new virus concerns, setbacks in re-opening the economy, and potential political issues in Washington. At some point, trade talks with China will resume, as that issue was pushed to the back burner due to the pandemic. The Crossmark trading team will continue to monitor volatility with the intent to strategically place option spread trades to maximize income and reduce as much market risk as possible. We will continue to stay short in duration with the option overlay for the time being as implied volatility is still high, and the premiums being paid for short term options are attractive. The volatility we have seen is unlikely to change anytime soon, with both historical up and down days continuing.

STEWARD GLOBAL EQUITY INCOME FUND
Commentary



written by
John Wolf, Managing Director

Performance
The global equity markets for the second quarter posted substantial positive overall returns. The Steward Global Equity Income Fund benchmarks of the S&P Global 1200 and the S&P 500 ended the quarter +18.62% and +20.54%. For global dividend index comparison purposes, the MSCI World High Dividend Yield Index returned +11.05%.

Factors Affecting Performance
The Steward Global Equity Income Fund underperformed the S&P Global 1200 but outperformed the MSCI World High Dividend Yield Index for the second quarter. The Fund's global allocation at the end of the period was 64% US and 36% International, reflecting a slight shift towards the US market from the previous quarter.

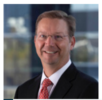
The quarter's positive relative performance was led by Quest Diagnostics Inc. (+42.93%), a leading provider of diagnostic testing, information, and services to the healthcare sector. The opportunity for COVID-19 testing for this company is significant. Demand for testing from companies whose employees are in constant contact with customers will climb, as many companies have been considering frequent testing. The company also foresees demand driven by states where nursing homes and long-term care facilities adhere to testing targets. The downside is a disruption to the company's core testing (non-COVID) volumes that have been disrupted due to the pandemic. However, this demand has likely been deferred to a later date. Analog Devices, Inc. (+37.56%) saw strong first-quarter results, and second-quarter guidance was higher than investor expectations. The lean supply chain anticipated the COVID-19 weakness, which helped lead to these higher results. The healthcare segment posted record results, while the 5G communications segment also saw solid demand for the quarter. Shares of the business consultancy and outsourcing company Accenture plc (+32.14%) soared on reported earnings and revenue that exceeded analyst expectations. The company also revised guidance, raising the lower end of its fiscal 2020 profit projections. Accenture announced their quarterly cash dividend of 80 cents per share, up 10% from the year-ago quarter.

Negative contributors to relative performance included Algonquin Power and Utilities Corp. (-2.27%). This Canadian-based utility reported first-quarter earnings and revenue below analyst estimates. The underperformance was contributed to a combination of the impact of the pandemic and unfavorable weather conditions during the quarter. Despite the underwhelming report for the quarter, the company continues to be a sector leader versus its peers in rate base growth as well as earnings and dividend growth. Shares of Spain-based Grifols SA (–9.43%), a leading supplier of plasma derivatives, dropped as COVID-19 disrupted its operations by increasing plasma costs resulting from reduced donations, lower collection capacity, and higher staffing costs. These cost increases have pressured the company to respond by lowering expenses primarily in reduced marketing, bonuses, and travel-related areas. However, the demand for these products remains strong, and the increased costs due to the pandemic should only be temporary.

For the second quarter, the values-based investment policies had a positive impact on performance. Overall, the Fund has performed well for the period and will continue to seek high-quality dividend-paying companies that provide superior results over the long-term.

STEWARD LARGE CAP ENHANCED INDEX FUND

Commentary



written by

Brent Lium, CFA® Managing Director

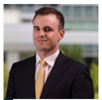
The second quarter of 2020 was a historic one with lots of volatility as the market began its recovery from the pandemic. The Fund's benchmark S&P 500 Index returned 20.54%, its best quarterly return in a couple of decades. Consumer discretionary, energy, and technology paced the recovery with all three sectors yielding more than 30%. The consumer discretionary and energy sectors tried to recoup the losses they suffered in the first quarter. At the same time, technology continued to outperform and went on to set new all-time highs. To be expected in such a strong quarter, utilities and staples were the two laggard sectors given that they can be viewed as more of a "safety trade" with their more stable business models.

The Steward Large Cap Enhanced Index Fund is composed of a blend of the S&P 500, S&P 500 Pure Growth, and S&P 500 Pure Value indices. The current allocation is 60%, 18%, and 22%, respectively. The S&P 500 Pure Growth outperformed the S&P 500, returning 29.6%, due to its much larger weightings in technology and consumer discretionary. The S&P 500 Pure Value Index performed inline with the S&P 500 at 20.5%. It's overweight in the underperforming financial sector was offset by its overweight in the outperforming sectors of consumer discretionary and energy.

The Steward Large Cap Enhanced Index Fund returned 21.90%, beating the S&P 500 in the second quarter by 136 basis points. The values-based screens added 93 basis points to the Fund's performance, as many screened out healthcare stocks underperformed during the quarter. The 18% weighting in the Pure Growth added 163 basis points to the funds performance. The 22% allocation to Pure Value performance was in line with the S&P 500. Unfortunately, the current tilt of 60%/22%/18%, which is overweight Pure Value, cost the fund 46 basis points in the quarter relative to the blended benchmark of 60/20/20.

The Fund has underperformed the S&P 500 over the last six months due primarily to its exposure to the S&P 500 Pure Value Index. We are hopeful that the S&P Pure Value Index recoups some of its underperformance, as seen in the prior two downdrafts of 1999/2000 and 2008/2009.

STEWARD INTERNATIONAL ENHANCED INDEX FUND
Commentary



written by
Ryan Caylor, CFA® Portfolio Manager / Head of Research

For the three months ended June 30, 2020, the total return for the Fund's benchmark – the S&P ADR Index – was +14.60%. The largest contributors to the benchmark's performance included Shopify (SHOP), ASML Holding (ASML), and Taiwan Semiconductor (TSM), all of which were also owned in the Fund. The most notable detractor from the benchmark return in the second quarter was HSBC Holdings PLC (-16.7%), which was also held in the Fund but at a slightly smaller relative weighting.

The Fund's dual market structure maintained the same allocation throughout the second quarter: 85% allocated towards non-US developed markets (represented by the S&P ADR Index) and 15% towards emerging markets, which is represented by the BLDRS Emerging Markets 50 ADR Index Fund (ADRE). This represents a relatively neutral outlook between emerging markets (EM) and developed markets (DM) for the Fund. For the second quarter, the performance of this neutral outlook as proxied by the "blended" benchmark (85/15% SPADR/ ADRE) was +15.24%, slightly outperforming the straight benchmark (100/0% SPADR/ADRE) by +0.64% in Q2. This implies a stronger quarter for the ADRE relative to the SPADR; in fact, the ADRE returned +18.88% for the quarter, beating the SPADR by +4.28%.

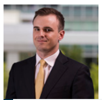
For the three months ended June 30. 2020, the Steward International Enhanced Index Fund returned +15.15% for the Class A class shares. Relative to the benchmark, this represents an outperformance of +0.55%. Despite the strong rebound in Q2, the Class A shares are still down -14.87% on an absolute year-to-date (YTD) basis, representing a slight underperformance of -0.17% relative to the YTD return of the benchmark SPADR Index.

Over the quarter, the values-based investment screens had a net positive performance impact on the Fund of +0.99%. Novartis AG (stem cell research screen) is the largest holding in the S&P ADR index; as such, despite Novartis AG gaining +5.9% this quarter, it underperformed the overall SPADR Index by >10%. Therefore, not owning it had a +0.42% positive impact on the relative performance of the Fund this quarter. Similarly, not owning Toyota Motor Corp (owns its own abortion provider) or Novo Nordisk (stem cell research) provided an additional combined +0.49% performance impact relative to the benchmark. Among the remaining companies failing the values-based investment screens, just two detracted from the Fund's performance this quarter, Sanofi and AstraZeneca, with a combined -19 bps impact. For the six months ending June 30, however, the values-based investment screens impact is still quite negative at -132 bps, despite the material positive impact in Q2.

Going forward, we will continue to carefully examine the rationale of a neutral tilt weighting between non-US developed markets and emerging markets. As a reminder, the EM tilt (proxied by the ADRE) can range between 10-20%. The 15% current EM tilt, therefore, is equivalent to a neutral DM/EM outlook. But given the current global pandemic, changing views on China, what appears to be a global movement toward de-globalization, a record number of both monetary and fiscal policy interventions by central banks and governments worldwide (including EM central banks), and an upcoming US Presidential election in November, we will be monitoring the global macro situation closely to ensure the DM vs. EM tilt remains consistent with our global outlook going forward.

STEWARD SMALL-MID CAP ENHANCED INDEX FUND

Commentary



written by
Ryan Caylor, CFA® Portfolio Manager / Head of Research

For the three months ended June 30, 2020, the total return for the Fund's benchmark, the S&P 1000 Index, was +23.47%. Over the same period, returns were +32.90% and +34.33% for the Pure Growth and Pure Value Indices. These are materially different outcomes relative to the first quarter of 2020, which saw the total return for the S&P 1000 at -30.58% and the S&P 1000 Pure Growth and Pure Value Indices -32.16% and -47.79%, respectively. So, while making up some much-needed ground in the second quarter, the S&P 1000 is still in negative return territory for the six month period ended June 30 (at -14.28%). The same goes for the S&P 1000 Pure Growth Index at -9.84%, as well as the S&P 1000 Pure Value Index at -29.87%.

The Fund's blended style structure remained tilted towards value. As of June 30, 2020, the blended style structure of the Fund remained 60% small and mid-cap core, 22% small and mid-cap value stocks, and 18% towards small and mid-cap growth stocks. The performance of the blended benchmark (60/18/22% SP1000/SP1000PG/SP1000PV) was +27.56% for the second quarter.

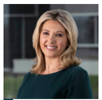
For the three months ended June 30. 2020, the Steward SMID-cap Enhanced Index Fund returned +26.19% for the Class A class shares. Relative to the benchmark, this represents an outperformance of +2.72%. Despite the strong rebound in the second quarter, the Class A shares are still down -16.95% on an absolute year-to-date (YTD) basis and -2.67% on a relative YTD basis vs. the benchmark S&P 1000.

As detailed above, during the reporting period, Pure Value outperformed Pure Growth, and Pure Growth outperformed the cap-weighted S&P 1000 Index. Given that the Fund is composed of Pure Value and Pure Growth factors on top of the cap-weighted S&P 1000 index – with an overall tilt toward Pure Value – this quarter's return dynamics represent the ideal relative waterfall of factor returns for the Fund (Pure Value > Pure Growth > S&P 1000). As such, the Pure Value tilt's impact relative to the S&P 1000 contributed a positive 239 basis points of outperformance. It represented the largest single measurable factor impacting the Fund's performance for the quarter. While less impactful, the Pure Growth tilt was also a source of outperformance relative to the benchmark, with a positive +170 basis point impact. Combined, the Pure Style tilts had a +409 basis point total impact on Fund returns relative to the S&P 1000 for the three months ended June 30. However, on a YTD basis (ended June 30), the underperformance of Pure Value, was the single biggest source impacting the Fund's overall underperformance relative to the benchmark at -267 basis points YTD.

The performance of the Fund can also be affected by the Fund's values-based screening policies. For the period ended June 30, the values-based screening policies had a slight negative performance impact on the Fund totaling -40 basis points. The source of the negative impact came from not owning casinos and gambling stocks, which as a sector, saw a strong rebound in equity prices as the economy re-opened in Q2 and as daily rates of COVID-19 infections/deaths at the national level slowed materially.

It is no secret that the impact of Pure Value represents the largest source of underperformance for the Fund year-to-date. This is an issue of value, as a factor of return, performing very poorly on a YTD basis. As such, the Fund's style tilts (growth vs. value) will likely continue to consume a larger fraction of our research time and focus.

STEWARD SELECT BOND FUND
Commentary



written by
Victoria Fernandez, CFA® Chief Market Strategist

What a year it has been, and we are only in July! The second quarter was interesting because we saw much of the damage from the first quarter reversed to an extent, and markets beginning to trend higher. Even with equity markets surging, the bond market closed out the quarter right about where it started. That doesn't mean we didn't have volatility over the last three months, but looking at the starting and ending points for the US 10yr Treasury sure wouldn't tell that tale. As states began to open up across the nation, the anticipation of a quick and strong recovery was front and center for the markets, and we saw yields climb, just to falter as some of these same states had to reverse their plans due to spikes in COVID-19 cases during June.

For the Steward Select Bond Fund, the sectors in the portfolio that were hardest hit at the end of 1Q20 were the same ones that rallied in 2Q20. Those sectors include fixed-rate preferreds and investment-grade corporates. Within the corporate allocation, some of the strongest performing issuers were in the financial and energy sectors, including Apache, Valero, Conoco Phillips, Citigroup, and American Express. As we saw the housing market rebound over the past quarter quicker than other segments of the economy, issuers like Sherwin-Williams and Lowe were also strong performers. We overweight the investment-grade corporate sector to generate income, which, over time, is shown to be the largest component of total return for a fixed income security. The allocation to investment-grade corporates and fixed-rate preferreds were the largest positive contributors to the Fund's outperformance for the quarter vs. the Barclay's Government/Credit index, along with our yield curve positioning and the before-mentioned income component. The largest detractors were the duration effect as yields remained range-bound and the selection effect within the corporate allocation.

With a Federal Reserve that has stated Fed Funds rates will remain near zero until the end of 2022 and discussions around yield curve targets at FOMC meetings, we anticipate that there won't be a large shift higher in the longer end of the yield curve any time soon. This could change if treasury issuance and QE actions continue, but any move would still be limited. In that environment, we are working to extend the duration of the Fund as appropriate. In such a low yield environment, generating current yield is becoming more difficult. Still, we continue to build portfolios with investment-grade corporate names with strong balance sheets and solid cash flows that can survive the struggles from COVID-19 without a break in their interest or principal payments. Our investment process of focusing on duration, yield curve structure, sector allocation, and security selection remains steady. It will allow us to adjust our strategy as appropriate as we head into the second half of the year.

Steward Covered Call Income Fund - Top 10 Holdings [1]

Microsoft Corp.
Apple, Inc.
Amazon.com, Inc.
Visa, Inc.
Facebook, Inc.
Adobe Systems, Inc.
Mastercard, Inc.
Berkshire Hathaway, Inc.
Alphabet, Inc. – Class C
Procter & Gamble Co.

% of Total Portfolio: 27%

Steward Global Equity Income Fund - Top 10 Holdings [1]

Taiwan Semiconductor Mfg
Accenture PLC
McDonald's Corp.
Intel Corp.
Raytheon Technologies Corp.
Texas Instruments, Inc.
Quest Diagnostics, Inc.
Pepsico, Inc.
Smith & Nephew Group PLC
Unilever NV

% of Total Portfolio: 26%

Steward Large Cap Enhanced Index Fund - Top 10 Holdings [1]

Microsoft Corp.
Apple, Inc.
Amazon.com, Inc.
Facebook, Inc.
Berkshire Hathaway, Inc.
Alphabet Inc - Class A
Alphabet Inc - Class C
Visa, Inc.
Mastercard, Inc.
JP Morgan Chase & Co.

% of Total Portfolio: 18%

Steward International Enhanced Index Fund - Top 10 Holdings [1]

Taiwan Semiconductor Mfg
Alibaba Group Holding Ltd
ASML Holding NV
SAP SE
Royal Bank of Canada
Unilever NV
Unilever PLC
Sony Corp.
Canadian National Railway Co.
Shopify, Inc.

% of Total Portfolio: 25%

Steward Small-Mid Cap Enhanced Index Fund - Top 10 Holdings [1]

Teradyne, Inc.
Etsy, Inc.
Atlas Air Worldwide Holdings, Inc.
Fair, Isaac and Corp.
SolarEdge Technologies, Inc.
Consolidated Comm. Holdings, Inc.
Masimo Corp.
SpartanNash Co.
Generac Holdings, Inc.
Southwestern Energy Co.

% of Total Portfolio: 4%

Steward Select Bond Fund - Top 10 Issuers [1]

U.S. Treasury Note
Qualcomm, Inc.
Pepsico, Inc.
Amgen, Inc.
Valero Energy Corp.
Federal Home Loan Mortgage Corp.
U.S. Bank National Association
Visa, Inc.
Intel Corp.
Microsoft Corp.

[1] As of 6/30/2020.

Our Firm

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Contact a member of our Advisor Solutions Team

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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. A copy of the Steward Funds' prospectus may be obtained free of charge by calling Crossmark Distributors at 800-262-6631. Past Performance does not guarantee future results.

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