

# QUARTERLY UPDATE: 1Q 2021

## STEWARD GLOBAL EQUITY INCOME FUND COMMENTARY



written by  
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Steward Global Equity Income Fund - Instl	
Ticker	SGISX
Inception Date	4/3/2008
Net Expense Ratio	0.95%
Primary Benchmark	S&P Global 1200 TR

### Top 10 Holdings

TEXAS INSTRUMENTS INC	2.63%
INFOSYS LTD ADR	2.49%
TAIWAN SEMICON. MFG. AD	2.43%
MCDONALD'S CORP	2.41%
ELI LILLY AND CO	2.33%
KB HOME	2.15%
CUMMINS INC	2.15%
NETAPP INC	2.13%
COMCAST CORP	2.12%
HP INC	2.10%
Total % of Portfolio	22.94%

### Markets and Performance

Global equity markets carried considerable performance momentum into the first quarter, but not enough to outperform the Steward Global Equity Income Fund (Institutional Shares). The Fund benchmarks (the S&P Global 1200 Index and the S&P 500 Index) ended the quarter with returns of 5.29% and 6.17%, respectively. Dividend stocks overall slightly outperformed the general equity market. For global dividend index comparison purposes, the MSCI World High Dividend Yield Index returned 6.12%. The Fund outperformed its benchmarks for the first quarter with Institutional shares gaining 9.72%.

### Positive and Negative Contributors to Performance

Positive relative performance for the quarter was led by HP Inc. (2.10% of total net assets) which closed up 29.95%. Shares jumped as quarterly results were strong across the board. The ongoing work and learn from home environment has significantly increased PC demand as well as demand for consumer print hardware. Supply challenges appear to be the bottleneck as key hardware component shortages continue to constrain sales. However, the company has a record sales backlog. HP expects the current PC unit growth trend to continue through 2021. Shares of ViacomCBS (1.77% of total net assets) rose 21.35% as the company transitions from a traditional cable network to a significant player in the streaming market. The massive programming catalog on Paramount+, the recently launched subscription streaming service is providing the base for the company to become a major competitor. Adding to the positive momentum was the recent televised interview with Prince Harry and Meghan Markle which had blockbuster ratings and further boosted the price of the stock. Snap-on, Inc. (1.46% of total net assets) climbed 35.68% on a solid earnings report that beat analyst consensus on strong organic growth. The company engineers, manufactures, and markets tools, equipment, diagnostics, repair information and systems solutions for professional installers across multiple industries. The tools group was the standout segment with organic sales up nearly 20% year-over-year. Double-digit growth occurred in both the U.S. franchises as well as international operations.

Negative contributors to relative performance included Unilever PLC (1.59% of total net assets) which finished down 6.63%. Shares declined after the company reported earnings slightly lower than the forecast for the fiscal year.

Sales were in-line with consensus estimates. Financial disclosures indicated that the company experienced a good level of organic growth (particularly in the Americas) but this came at a cost - it was offset by a disappointing contraction of operating margin. The company also reported it is raising its dividend by 4%. PepsiCo, Inc. (1.89% of total net assets) shares fell 3.86% despite fourth quarter results that beat both sales and earnings expectations along with a 5% dividend increase. The company also reported earnings guidance for 2021 that was in line with its previous projections but slightly lower than analyst expectations. Other than the general COVID-related volatility affecting many large-cap companies, the only investor disappointment was related to a lack of buyback activity. For the first quarter, the values-based screening policies had a slight positive impact on performance.

**Looking Ahead**

With COVID vaccinations well underway the growth to value rotation appears to be gathering momentum as local economies begin to open and more steps toward normalcy are taken. Value stocks which dramatically underperformed during the pandemic last year are now beginning to outperform their growth counterparts. This reflects investor expectations of a powerful economic rebound. With general equity market valuations currently at high levels, some investor caution may be warranted. This makes a good case for quality and dividend income stocks, which are well positioned to benefit from this type of equity market environment.

**Trailing Returns**

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Steward Global Equity Income Fund - Instl	9.72%	9.72%	56.53%	11.30%	12.73%	10.57%
S&P Global 1200 TR	5.29%	5.29%	53.49%	13.09%	14.04%	10.37%
MSCI World High Dividend Yield NR	6.12%	6.12%	35.69%	7.63%	8.49%	7.58%
S&P 500 TR USD	6.17%	6.17%	56.35%	16.78%	16.29%	13.91%

Source: Morningstar Direct

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