

QUARTERLY UPDATE: 1Q 2022

STEWARD GLOBAL EQUITY INCOME FUND COMMENTARY



written by
John Wolf, Managing Director

Steward Global Equity Income Fund - Institutional	
Ticker	SGISX
Inception Date	4/3/2008
Net Expense Ratio	0.98%
Primary Benchmark	S&P Global 1200
Top 10 Holdings	
McDonald's, Corp.	2.44%
Texas Instruments, Inc.	2.34%
Cigna Corp.	2.32%
Paychex, Inc.	2.28%
NetApp, Inc.	2.23%
HP, Inc.	2.20%
Petroleo Brasileiro	2.07%
PepsiCo, Inc.	2.05%
Taiwan Semiconductor Mfg.	1.96%
Toronto-Dominion Bank	1.93%
Total % of Portfolio	21.82%

Markets and Performance

Performance among the various global equity markets was mixed in the first quarter. The Steward Global Equity Income Fund benchmarks (the S&P Global 1200 Index and the S&P 500 Index) ended the quarter with returns of -4.71% and -4.60%, respectively. Overall, dividend stocks outperformed the general equity market. The MSCI World High Dividend Yield Index returned 0.23% for global dividend index comparison purposes. The Fund (Institutional shares) outperformed the S&P Global 1200 Index but underperformed the MSCI World High Dividend Yield Index for the first quarter 2022, returning -1.68%.

Positive and Negative Contributors to Performance

Positive relative performance for the quarter was led by the energy sector, as U.S. fossil fuel policy curtailed new oil exploration and development, reducing global supply. The geopolitical instability created by Russia's invasion of Ukraine has resulted in further volatility and pressure on energy prices. Russia is the world's third-largest oil and gas producer, and the global backlash to the Ukraine invasion has created an aversion to Russian imports. Shares of holdings Canadian Natural Resources Ltd. (1.83% of total net assets) and Petroleo Brasileiro SA (2.07% of total net assets) jumped 48.11% and 34.79%, respectively, for the quarter. Shares of Nexstar Media Group, Inc. (1.57% of total net assets) climbed 25.46% after reporting record net revenue and non-election year earnings that (once again) exceeded analyst consensus expectations. Management cited a strong and still improving core television advertising market, positive impact from distribution renewals, and solid growth in its core digital business. In January, the company increased its quarterly dividend by 29% while continuing opportunistic share repurchases. This was the ninth consecutive year Nexstar increased its dividend by a double-digit percentage.

Negative contributors to relative performance included Quest Diagnostics (1.88% of total net assets). Shares fell 20.54% as the company reported a year-over-year revenue decline due to lower COVID testing demand. A corresponding contraction in profit margin was also disclosed. Despite lower testing demand, fourth-quarter revenue was better than expected, and earnings were in-line with analyst projections. The company's base business revenue grew by more than 19%, indicating an accelerating recovery in the industry. Quest also outperformed its peers during the past year. Silicon Motion Technology Corp. (1.03% of total net assets), a Hong Kong-based semiconductor manufacturer, dropped 29.22% after climbing 39% in the previous quarter. Pandemic-led production delays and supply chain constraints have been disrupting near-term expectations. Despite these issues, the company is a leading supplier of solid-state-drive controllers (a critical computer component) to most leading module makers in the U.S., Taiwan, and China. Silicon Motion also has a strong balance sheet with no debt. Our values-based investment policies had a slightly positive impact on performance for the first quarter.

Looking Ahead

With the pandemic now largely in the rear-view mirror, the market has become focused on geopolitical issues involving the Russian invasion of Ukraine and its corresponding impact on the global economy. Inflation, which was already running hot coming into the quarter, has only gotten worse with the added pressure of rising oil prices due to embargoes on Russian crude. Company earnings continue to be strong, but near-term caution is warranted. We believe we are currently in a favorable environment for a global dividend strategy. These companies have a lower volatility profile and the ability to lessen the impact of potential market gyrations.

Trailing Returns	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Steward Global Equity Income Fund - Institutional	-1.68%	-1.68%	7.19%	12.86%	11.30%	10.45%
S&P Global 1200	-4.71%	-4.71%	10.00%	15.20%	12.82%	11.32%
MSCI World High Dividend Yield	0.23%	0.23%	9.41%	9.01%	8.07%	8.22%
S&P 500	-4.60%	-4.60%	15.65%	18.92%	15.99%	14.64%

Source: Morningstar Direct

Index returns shown assume the reinvestment of all dividends and distributions.

Our Firm

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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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