



# STEWARD GLOBAL EQUITY INCOME FUND

## COMMENTARY | QUARTERLY UPDATE: 2Q 2023

Institutional Shares



written by  
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Steward Global Equity Income Fund - Institutional	
Ticker	SGISX
Inception Date	4/1/2008
Prospectus Dated	8/28/2022
Prospectus Expense Ratio	0.99%
Primary Benchmark	S&P Global 1200
Top 10 Holdings	
McDonald's Corp.	3.08%
Cigna Group	2.83%
Texas Instruments, Inc.	2.39%
Quest Diagnostics, Inc.	2.01%
Petroleo Brasileiro	2.01%
Taiwan Semiconductor Mfg. Co	1.98%
Paychex, Inc.	1.95%
HP, Inc.	1.94%
Becton Dickinson & Co.	1.94%
ASE Technology Holding Co.	1.90%
<b>Total % of Portfolio</b>	<b>22.02%</b>

### Markets and Performance

Performance for the global equity markets overall returned positive results for the second quarter of 2023. The Steward Global Equity Income Fund benchmark, the S&P Global 1200 Index, ended the quarter with a return of 6.86%. Dividend stocks overall underperformed the general equity market. For global dividend index comparison purposes, the MSCI World High Dividend Yield Index returned 2.06% during the period. The Fund underperformed the S&P Global 1200 Index but outperformed the MSCI World High Dividend Yield Index for the quarter, returning 3.30%.

### Positive and Negative Contributors to Performance

The leading positive contributors to performance included Petroleo Brasileiro SA (2.01% of total net assets), Andersons, Inc. (1.65% of total net assets), and U.S. Physical Therapy, Inc (1.29% of total net assets). These three stocks rose 54.7%, 27.9%, and 24.5%, respectively, during the second quarter. Advance Auto Parts, Inc. (0.50% of total net assets) was our worst performing stock position, down 41.5% during 2Q23. The stock traded down after reporting disappointing earnings driven by gross margin pressure as inflationary product cost increases were not fully offset by pricing actions. Relative to the S&P Global 1200 Index, the Fund's primary benchmark, underperformance was driven by relative underweights in NVIDIA Corp., Apple Inc., Microsoft Corp., Amazon.com, and Meta. These stocks were excluded from the Fund because they either do not pay a dividend or their dividend yield failed to meet longstanding minimum criteria for the strategy. From a sector perspective, information technology was our largest negative contributor to performance.

For the second quarter, the faith-based investment policies had a positive impact on performance. For example, the Steward Screening Criteria restricted AbbVie, Inc. from purchase in the Fund due to the company's Embryonic Stem Cell Research. During the second quarter, AbbVie, Inc. total return was -14.7%. Not owning this underperforming stock benefited shareholders in the Steward Global Equity Income Fund.

### Looking Ahead

As we move into the second half of 2023, the global economy is anticipated to face a sustained slowdown, propelled by diminished fiscal support, persistent inflation, and rising geopolitical risks, elevating the threat of a recession. Stock markets have become more cautious, transitioning from the strong momentum of the June rally to a defensive stance. The shift is due to concerns around a more aggressive global tightening cycle, higher interest rates, and potential policy mistakes, compounded by the Federal Reserve's divided stance on interest rate hikes. However, there is still optimism, driven by a robust labor market, healthy consumer balance sheets, and the resilience of the U.S. consumer, a significant contributor to GDP.

**Looking Ahead (continued)**

Economic indicators suggest a potential recession, given signs of stress in financial markets and interest-sensitive sectors, such as housing. On a positive note, despite concerns in the banking and commercial real estate sectors, the quality of assets and loans held by banks is better than in the pre-financial crisis era. Companies, driven by a tight labor market and geopolitical factors, are investing more in capital equipment and technology to enhance productivity and improve profit margins. Near-term risks to the global economy persist, including tighter credit conditions, stubborn inflation, and slower growth in China. However, opportunities remain in sectors that are historically undervalued and experiencing structural growth. We will continue to invest in companies with strong, flexible balance sheets that support increasing dividends, favorable earnings growth and free cash flow.

Performance	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Steward Global Equity Income Fund - Institutional	3.30%	5.98%	7.11%	11.96%	6.81%	9.03%
S&P Global 1200	6.86%	15.08%	18.60%	12.65%	9.55%	10.03%
MSCI World High Dividend Yield	2.06%	3.76%	8.04%	9.65%	6.16%	6.63%

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

**Our Firm**

Crossmark Global Investments is a faith-based firm that creates, manages, and distributes values-based investment strategies that equip financial intermediaries and their clients to go further by aligning their wealth with their passions and convictions. For over 30 years, the firm has delivered uniquely constructed products based on its proprietary, disciplined, and repeatable process. Founded in 1987, the firm is headquartered in Houston, Texas. For more information visit: [www.crossmarkglobal.com](http://www.crossmarkglobal.com).

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**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.**

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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