

# QUARTERLY UPDATE: 1Q 2022

## STEWARD INTERNATIONAL ENHANCED INDEX FUND COMMENTARY



written by  
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### Steward International Enhanced Index Fund - Institutional

Ticker	SNTCX
Inception Date	2/28/2006
Net Expense Ratio	0.76%
Primary Benchmark	S&P ADR

### Top 10 Holdings

Taiwan Semiconductor Mfg.	5.74%
Alibaba Group Holding Ltd	4.35%
ASML Holding NV	3.40%
Shell PLC	2.58%
BHP Group Ltd	2.41%
Royal Bank of Canada	2.37%
Toronto-Dominion Bank	2.04%
HSBC Holdings PLC	1.78%
Unilever PLC	1.78%
Vale S.A.	1.71%
<b>Total % of Portfolio</b>	<b>28.16%</b>

### Markets and Performance

For the three months ended March 31, 2022, the total return for the Steward International Enhanced Index Fund (Institutional shares) was -0.54%, trailing its primary benchmark (the S&P ADR Index) by -112 basis points (bps). For comparison purposes, the return for the BNY Mellon Emerging Markets ADR Index for the same period was -3.52%, while the return for the MSCI EAFE Index (Europe, Australia, and Far East) was -5.77%. This quarter, there were two main drivers of underperformance relative to the primary benchmark. The first was poor Emerging Market (EM) returns (especially for Chinese ADRs), but more broadly for any company NOT in – or deriving material revenue from – the metals, mining, or energy industries. Much of the EM underperformance was related to increased risk aversion from the effects of the Russia-Ukraine war on food and energy security for EM countries, a strengthening U.S. Dollar, and the enormity of recent Chinese lockdowns from the largest wave of COVID-19 cases experienced since the onset of the pandemic.

### Positive and Negative Contributors to Performance

The Fund's dual market structure maintained the same allocation throughout the quarter: 85% allocated towards non-U.S. developed markets and 15% towards emerging markets. The Fund has historically tilted its EM allocation between 10-20% of total net assets, with the current 15% representing a neutral position. The allocation to EM cost the Fund 61 bps relative to the primary benchmark during the quarter. In particular, Chinese equities were the biggest driver of the Fund's underperformance, representing 70% of the Fund's 112 basis points of underperformance.

Over the quarter, the values-based screens again had a net negative relative performance impact on the Fund of approximately 42 basis points. The largest detractors from relative performance (by not owning restricted securities that are in the primary benchmark) were AstraZeneca and British American Tobacco.

### Looking Ahead

We will continue to carefully examine the rationale of a neutral tilt weighting between non-U.S. developed markets and emerging markets. The issues we are monitoring include the direction of global interest rates, inflation, commodity prices, COVID-19 variants, global economy re-openings, changes in the unprecedented fiscal and monetary responses by governments and global central banks, changing developments in potential regulatory actions by the U.S. on Chinese ADRs, and more recently, the downstream effects of the Russian invasion of Ukraine.

Trailing Returns	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Steward International Enhanced Index Fund - Institutional	-0.54%	-0.54%	3.34%	7.52%	6.57%	4.24%
S&P ADR	0.58%	0.58%	9.00%	9.42%	7.73%	5.83%

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

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.

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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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