

QUARTERLY UPDATE: 2Q 2021

STEWARD INTERNATIONAL ENHANCED INDEX FUND COMMENTARY



written by
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Steward Intl Enhanced Index Fund - Instl	
Ticker	SNTCX
Inception Date	2/28/2006
Net Expense Ratio	0.73%
Primary Benchmark	S&P ADR TR
Top 10 Holdings	
TAIWAN SEMICON. MFG. AD	4.67%
ALIBABA GRP. HLDG. LT ADR	4.62%
ASML HLDG. NV	3.63%
UNILEVER PLC ADR	2.45%
ROYAL BANK OF CANADA	2.25%
SAP SE ADR	2.05%
SHOPIFY INC	2.02%
TORONTO-DOMINION BANK	1.79%
VALE SA ADR	1.65%
SONY GROUP CORP ADR	1.64%
Total % of Portfolio	26.77%

Markets and Performance

For the quarter ended June 30, 2021, the Steward International Enhanced Index Fund Institutional Class shares, returned 6.53%, trailing its primary benchmark (the S&P ADR Index) by 2.05%. For comparison purposes, the return for the BNY Mellon Emerging Markets ADR Index for the same period was 3.42%. During the quarter, global markets were fairly choppy as they oscillated between excitement over economic reopenings and fears over the potential for new lockdowns as COVID-19 variants spread. In the end, the perceived riskier nature of the emerging markets led them to underperform the more established non-U.S. developed markets.

Positive and Negative Contributors to Performance

The Fund has a dual market strategy that allocates to both non-U.S. developed market (DM) securities and emerging market (EM) securities. During the quarter, this allocation remained unchanged at 85% non-U.S. DM securities and 15% EM securities and continues to represent our relatively neutral outlook between the two going forward. The allocation to EM cost the Fund 77 basis points (bps) during the quarter. In particular, Chinese equities were the biggest drag on performance.

Performance can also be affected by the Fund's values-based screening policies. For the quarter, these screening policies had a negative impact on performance, costing 84 bps. Companies such as Novo Nordisk (embryonic stem cell research), up 24.46%, AstraZeneca (embryonic stem cell research), up 20.78%, and Diageo (alcohol), up 17.01%, outperformed the S&P ADR Index benchmark. Screening out these three securities detracted 71 bps from performance. Conversely, not owning companies such as British American Tobacco (tobacco), up 0.80%, Novartis (embryonic stem cell research), up 6.63%, and Takeda Pharmaceutical (embryonic stem cell research), up 0.24%, positively impacted performance by 17 basis points.

Looking Ahead

Looking ahead, we are monitoring many issues relating to our allocation between DM and EM markets. These include the direction of global interest rates, global economy reopenings, COVID-19 variants and their spread, unprecedented fiscal and monetary responses by central banks, and the shifting views on China and Chinese securities.

Trailing Returns

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Steward International Enhanced Index Fund - Instl	6.53%	13.65%	39.96%	8.19%	10.17%	3.66%
S&P ADR TR	8.58%	16.23%	39.73%	9.16%	10.12%	5.07%

Our Firm

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