

# QUARTERLY UPDATE: 4Q 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	0.76%
Primary Benchmark	S&P ADR TR

### Top 10 Holdings

Taiwan Semiconductor Mfg.	5.23%
Alibaba Group Holding	4.59%
ASML Holding NV	4.06%
Royal Bank of Canada	2.29%
Unilever PLC ADR	2.21%
SAP SE ADR	2.05%
Sony Group Corp.	2.04%
Toronto-Dominion Bank	1.97%
Shopify, Inc.	1.86%
HSBC Holdings PLC	1.57%
<b>Total % of Portfolio</b>	<b>27.86%</b>

### Markets and Performance

For the fourth quarter of 2021, the total return for the Steward International Enhanced Index Fund (institutional class shares) was 2.59%, trailing its primary benchmark (the S&P ADR Index) by 1.44%. During the fourth quarter, the big driver of poor emerging market (EM) returns was a constant stream of bad news out of China. This included the perception of political and regulatory risk to particular Chinese sectors, property developer default risk and the threat of contagion, and an energy crisis affecting much of the eastern hemisphere. Spiking commodity prices are bad for the thirsty, commodity-importing country, as is the continuing spread of the Delta and Omicron COVID variants.

### 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 (EM). As a reminder, the Fund's dual market structure has historically tilted its allocation toward EM between 10-20% of total net assets, with the current 15% representing a neutral positioning. The allocation to EM cost the fund 120 basis points (bps) during the quarter. More specifically, Chinese equities were the biggest driver of the Fund's underperformance relative to the primary benchmark. Over the quarter, the values-based investment screens again had a net negative performance impact, which amounted to -0.49% for the quarter ending in December. There was no discernable pattern to which industries or screens caused the majority of the negative performance during the period.

### 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 following issues are among those we will monitor going forward: the direction of global interest rates, inflation, commodity prices, COVID variants, global economy re-openings, changes in the unprecedented fiscal and monetary responses by global central banks, and changing views on the outlook for Chinese equities.

### Trailing Returns

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Steward International Enhanced Index Fund - Institutional	2.59%	10.85%	10.85%	11.40%	8.17%	5.17%
S&P ADR TR	4.03%	16.01%	16.01%	12.96%	8.95%	6.70%

**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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