



Steward International Enhanced Index Fund

Commentary | Quarterly update: 4Q 2023

Institutional shares



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Steward International Enhanced Index Fund

Ticker	SNTCX
Inception date	2/28/2006
Prospectus dated	8/28/2023
Prospectus expense ratio	0.78%
Primary benchmark	S&P International 700 ADR Index

Top 10 holdings (%)

Taiwan Semiconductor Manufacturing Co., ASML Holding NV	8.72
ASML Holding NV	3.82
Alibaba Group Holding Ltd.	3.21
Shell PLC	2.84
Unilever PLC	2.36
SAP SE	2.20
BHP Group Ltd.	2.15
HSBC Holdings PLC	2.02
Royal Bank of Canada	2.00
TotalEnergies SE	1.95
Total % of portfolio	31.26

Markets and performance

For the three months ended Dec. 31, 2023, Steward International Enhanced Index Fund outperformed its primary benchmark, the S&P International 700 ADR Index, by 0.92%, returning 10.07% versus the benchmark's 9.15%. For comparison purposes, the return for the S&P Emerging 50 ADR Index for the same period was 10.85% while the return for the MSCI EAFE Index (Europe, Australia, and Far East) was 10.47%.

Positive and negative contributors to performance

The fund's dual market structure maintained the same allocation throughout the quarter: 85% allocated toward non-U.S. developed markets and 15% toward emerging markets. As a reminder, the fund's dual market structure has historically tilted its emerging markets' allocation between 10-20% of total net assets, with the current 15% representing a neutral positioning. During the fourth quarter, the allocation to emerging markets positively impacted the fund by 53 basis points (bps) relative to the primary benchmark.

Investments in the United Kingdom had the largest positive contribution to performance versus the benchmark. Hong Kong had the largest negative contribution to performance. Hong Kong was negatively impacted from investment in Alibaba, the largest individual negative contributor to performance during the quarter.

Over the quarter, the values-based restricted stocks positively contributed to relative performance. The net impact on relative performance from not owning restricted securities was positive 99 bps. Not owning restricted securities AstraZeneca PLC and Sanofi was the largest positive contributor to performance. These stocks were excluded based on restrictions for Human Embryonic Stem Cell Research and Abortifacient Manufacturer, respectively. Not owning outperforming stocks Novo Nordisk and Brookfield Corporation negatively impacted relative performance. These stocks were excluded based on the Human Embryonic Stem Cell Research and Abortion restrictions, respectively.

Looking ahead

Global equity markets have been challenged with elevated borrowing costs, heightened geopolitical tensions, volatile oil prices, and worsening eurozone economic conditions. The conflict in the Middle East further compounds the uncertainty. While the U.S. economy has been impressively resilient, the global economy performs best when oil prices are not expensive. In the U.S., enduring concerns about recession and higher interest rates are causing a reassessment of valuation multiples. International developed markets continue to come under pressure as bank lending and money supply are declining. Emerging markets have been ahead of developed markets in raising interest rates to combat inflation. Now, with inflation rolling over, they are beginning to reverse their monetary policy.

Looking ahead (continued)

The global macro backdrop is far from supportive but moderating inflation, recovering corporate profits, and an end to the interest rate hikes encourage a positive outlook. We continue to monitor the global macro situation to ensure the developed markets versus emerging markets allocation remains consistent with our global outlook going forward.

Performance (%)	QTD	YTD	1-year	3-year	5-year	10-year
Steward International Enhanced Index Fund	10.07	17.51	17.51	4.82	7.51	3.41
S&P International 700 ADR Index	9.15	19.98	19.98	8.36	9.59	4.57

Index returns shown assume the reinvestment of all dividends and distributions. An investment cannot be made directly in an index. 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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