

# Steward International Enhanced Index Fund

Commentary | Quarterly update: 2Q24

Institutional shares



**Andrew Cullivan, CFA®** Portfolio Manager

## Snapshot

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	10.91
ASML Holding NV ADR	4.61
Shell Plc Sponsored ADR	3.02
Alibaba Group Holding Limited Sponsored ADR	2.91
SAP SE Sponsored ADR	2.62
Unilever PLC Sponsored ADR	2.48
Royal Bank of Canada	2.04
HSBC Holdings PLC Sponsored ADR	1.95
TotalEnergies SE Sponsored ADR	1.87
RELX PLC Sponsored ADR	1.67
<b>Total % of portfolio</b>	<b>34.09</b>

## Markets and performance

For the three months ended June 30, Steward International Enhanced Index Fund underperformed its primary benchmark, the S&P International 700 ADR Index, returning 1.83% versus the benchmark's 1.94%. For comparison purposes, the return for the S&P Emerging 50 ADR Index for the same period was 3.18%, while the return for the MSCI EAFE Index was 0.73%.

## 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 (DM) and 15% toward emerging markets (EM). As a reminder, the fund's dual market structure has historically tilted its EM allocation between 10–20% of total net assets, with the current 15% representing a neutral positioning. During the first quarter, the allocation to EM positively impacted the fund by 56 basis points (bps) relative to the primary benchmark. Investments in Taiwan and India had the largest positive contribution to performance. Taiwan Semiconductor Manufacturing Co. (10.9% of total net assets) had another impressive quarter and returned 28.07%. HDFC Bank Limited (1.4% of total net assets) total return was 16.16% over the period. Mexico and Brazil had the largest negative contribution to performance. Performance was weighed down by Fomento Economico Mexicano SAB (0.6% of total net assets) and Itau Unibanco Holding (0.7% of total net assets), down 16.62% and 15.15%, respectively. Over the second quarter, the values-based restricted stocks negatively contributed to relative performance. The net impact on relative performance from not owning restricted securities was -18 bps. Outperforming stocks Novo Nordisk and AstraZeneca were the largest negative contributors to performance. These stocks were both excluded based on restrictions for human embryonic stem cell/fetal tissue research. Not owning underperforming stocks Toyota and Diageo PLC positively impacted relative performance. These stocks were excluded based on ownership of an abortion provider and alcohol restrictions, respectively.

## Looking ahead

Global markets remain mixed as we look toward the second half of the year. The U.S. dollar strengthened through the end of the quarter, but we believe this to be temporary and look to see it reverse course. This would be encouraging for EM economies, helping to bolster their recent run as they tend to benefit from a cheaper dollar. The UK had a strong start to the quarter but gave back gains and has been trading water since. The Bank of England has yet to decide on their first rate cut and is holding fast to their wait and see approach. Europe and the ECB cut a quarter point in June; however, the enthusiasm quickly subsided. While Europe looks to be better positioned for disinflation, both will need strong positive indicators to materialize before further cuts happen. We continue to monitor the global macro situation to ensure the DM versus EM allocation remains consistent with our global outlook going forward.

Performance (%)	Quarter	YTD	1-year	3-year	5-year	10-year	Since inception
Steward International Enhanced Index Fund (SNTCX)	1.83	7.94	15.09	3.03	6.50	3.68	3.17
S&P International 700 ADR Index	1.94	10.81	19.27	6.65	8.97	5.04	5.03

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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## Contact a member of our Advisor Solutions Team

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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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