

# QUARTERLY UPDATE: 1Q 2021 STEWARD LARGE CAP ENHANCED INDEX FUND COMMENTARY



written by  
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## Steward Large Cap Enhanced Idx Fund - Instl

Ticker	SEECX
Inception Date	10/1/2004
Net Expense Ratio	0.53%
Primary Benchmark	S&P 500 TR USD

## Top 10 Holdings

APPLE INC	3.90%
MICROSOFT CORP	3.57%
AMAZON.COM	2.95%
FACEBOOK IN	1.72%
TESLA INC	1.62%
ALPHABET INC-CLASS A	1.33%
ALPHABET INC-CLASS C	1.31%
PAYPAL HLDGS. INC	1.25%
NVIDIA CORP	1.20%
BERKSHIRE HATHAWAY INC	1.09%
Total % of Portfolio	19.94%

## Markets and Performance

During the first quarter of 2021, the market made a dramatic shift towards value and cyclicals, leaving growth stocks, the darlings of 2020, to underperform. The Steward Large Cap Enhanced Index Fund (Institutional Shares) returned 5.95%, trailing the benchmark S&P 500 Index by just 0.22%. For comparison purposes, the return of the S&P 500 Pure Growth Index for the same period was 0.82% while the S&P 500 Pure Value Index was 21.04%.

## Positive and Negative Contributors to Performance

The Fund's blended style structure remained tilted towards growth with an allocation of 60% large-cap core, 30% growth, and 10% value stocks. The Fund is tilted towards growth to keep the sector weights in line with the benchmark. If the Fund were invested at its neutral tilt of 60% core, 20% growth, and 20% value, it would be dramatically underweight technology and overweight financials. While it would have been the right weighting for the quarter, we do not believe it is the right weight looking forward. The exposure to growth cost the Fund 161 basis points while the exposure to value added 149 basis points. Overall, the allocations towards value and growth detracted 12 basis points from performance when compared to the S&P 500.

Performance of the Fund can also be affected by our values-based screening policies. For the quarter, the values-based screening policies had a positive impact on performance, adding 12 basis points. Companies such as Altria (tobacco), up 26.95%, and General Electric (embryonic stem cell research), up 21.66% outperformed the S&P 500 benchmark. Screening out these two securities detracted 10 basis points from performance. Conversely, not owning companies such as Merck (embryonic stem cell research), down 0.51%, Thermo Fisher Scientific (embryonic stem cell research), down 1.96%, and Pfizer (abortifacient manufacturer), down 4.94%, positively impacted performance by 16 basis points.

## Looking Ahead

Looking forward, we believe the Fund's tilt towards growth should serve it well if the realities of the economic reopening don't meet the lofty market expectations. We think it will take years for many of these companies to regain their pre-pandemic revenue and earnings levels while many of the stocks have already climbed past their pre-pandemic highs.

## Trailing Returns

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Steward Large Cap Enhanced Index - Instl	5.95%	5.95%	58.98%	13.09%	13.89%	12.42%
S&P 500 TR USD	6.17%	6.17%	56.35%	16.78%	16.29%	13.91%

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