

# QUARTERLY UPDATE: 2Q 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              | 3.97%  |
| MICROSOFT CORP         | 3.76%  |
| AMAZON.COM INC         | 2.98%  |
| FACEBOOK INC           | 1.84%  |
| NVIDIA CORP            | 1.61%  |
| TESLA INC              | 1.49%  |
| ALPHABET INC-CLASS C   | 1.43%  |
| ALPHABET INC-CLASS A   | 1.43%  |
| PAYPAL HLDGS. INC      | 1.34%  |
| BERKSHIRE HATHAWAY INC | 1.10%  |
| Total % of Portfolio   | 20.95% |

## Markets and Performance

During the second quarter of 2021, the market reversed some of the growth vs. value shift recorded in the first quarter. The Steward Large Cap Enhanced Index Fund Institutional Class shares, returned 9.25%, beating the benchmark S&P 500 Index by 0.60%. For comparison purposes, the return for the S&P 500 Pure Growth Index for the same period was 12.27%, while the S&P 500 Pure Value Index returned 4.92%.

## Positive and Negative Contributors to Performance

The Fund's blended style structure remained tilted towards growth, allocating 60% large-cap core, 30% growth stocks, 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. The exposure to growth added 112 basis points (bps), while the exposure to value cost the Fund 36 bps. Overall, the allocations towards value and growth added 75 bps to performance compared to the S&P 500.

Performance can also be affected by the Fund's values-based screening policies. For the quarter, these screening policies had a positive impact on Fund performance, adding 23 bps. Companies such as Philip Morris (tobacco), up 12.41%, Regeneron (embryonic stem cell research) up 16.80%, and Thermo Fisher Scientific (embryonic stem cell research), up 10.76%, all outperformed the S&P 500 benchmark. Screening out these securities detracted four bps from performance. Conversely, not owning companies such as Johnson & Johnson (embryonic stem cell research), up 0.41%, Altria Group (tobacco), down 6.11%, and Vertex Pharmaceuticals (Abortifacient Manufacturer), down 7.80%, positively impacted performance by 17 basis points.

## Looking Ahead

Looking ahead, we believe the Fund's tilt towards growth should continue to serve it well as the realities of the reopening trade don't meet the lofty expectations. We think the benefit from the economic reopening will be one-time and transitory, which will likely lead to growth stocks outperforming value stocks.

## Trailing Returns

|  | Qtr   | YTD    | 1 Year | 3 Years | 5 Years | 10 Years |
|--|-------|--------|--------|---------|---------|----------|
| Steward Large Cap Enhanced Index - Instl | 9.25% | 15.74% | 42.48% | 15.41%  | 15.52%  | 13.35%   |
| S&P 500 TR USD                           | 8.55% | 15.25% | 40.79% | 18.67%  | 17.65%  | 14.84%   |

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