CROSSMARK
GLOBAL INVESTMENTS

STEWARD SELECT BOND FUND

COMMENTARY | QUARTERLY UPDATE: 3Q 2022

Institutional Shares

written by
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Steward Select Bond Fund - Institutional	
Ticker	SEACX
Inception Date	10/1/2004
Prospectus Dated	8/28/2022
Prospectus Expense Ratio	0.72%
Primary Benchmark	Bloomberg U.S. Govt/Credit

Top 10 Holdings	
Qualcomm, Inc.	2.71%
Comcast Corp .	2.13%
Adobe, Inc.	2.11%
Valero Energy Corp.	1.98%
Nike, Inc.	1.88%
Freddie Mac REMICs	1.78%
CVS Health	1.43%
Home Depot, Inc.	1.43%
Amazon.com, Inc.	1.42%
Mastercard, Inc.	1.42%
Total % of Portfolio	**18.31%**

Markets and Performance

The third quarter of 2022 continued to have a tremendous amount of volatility, especially in the fixed income markets. Yields reached new highs for the year with large daily moves as the markets attempt to determine the rate hike path of not just the Federal Reserve, but all central banks around the globe. Following a higher than expected inflation report during the quarter, coupled with a still strong labor market and central banks determined to tighten financial conditions, we have seen U.S. 10yr yields move back towards 4.00%. This brought in buyers and those covering shorts which has kept yields in the 3.50-4.00% range as of late. In this environment, the Steward Select Bond Fund outperformed the Bloomberg U.S. Government/Credit Index for the quarter, returning -4.25% and -4.56% respectively.

Positive and Negative Contributors to Performance

The largest positive contributors to outperformance for the Fund came from three different effects – duration, selection and income. The shorter duration positioning as compared to the index was the largest positive contributor to outperformance as we maintained less interest rate exposure as compared to the benchmark while yields across the curve moved higher throughout the quarter. In addition, our selection of bonds within the corporate allocation and the increased cash flow from the overweight to corporates as compared to the benchmark allowed the income component of performance to support outperformance during the quarter. Our yield curve positioning proved to be a drag on performance mostly due to the positioning within the treasury allocation.

Looking Ahead

The Federal Reserve continues to look for tighter financial conditions to work through the economy which would enable them to take a pause in hiking the Fed Funds rate in their fight against inflation. However, even though we are getting some clues that this may be starting to happen, there are still many signs that the economy remains strong – ISM services, strength in the labor market, slower growth but not demand destruction, higher revisions on consumer spending, and the strong seasonality generally for the 4th quarter. Sprinkle in a mid-term election and there is plenty of room for continued volatility in yields and therefore in the equity markets. In this environment, we will continue to maintain a shorter duration as compared to the broader fixed income market, but will be closer to neutral as we anticipate that U.S. 10yr yields will top somewhere around the 4.00% level for this cycle.

Performance	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Steward Select Bond Fund - Institutional	-4.25%	-13.38%	-13.76%	-3.55%	-1.02%	0.19%
Bloomberg U.S. Govt/Credit	-4.56%	-15.10%	-14.95%	-3.15%	-0.05%	1.02%

Index returns shown assume the reinvestment of all dividends and distributions.
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.

Our Firm

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