

Steward Select Bond Fund

Commentary | Quarterly update: 1Q25

Institutional shares



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Snapshot

Ticker	SEACX
Inception date	10/1/2004
Prospectus dated	8/28/2024
Prospectus expense ratio	0.73%
Primary benchmark	Bloomberg US Government/Credit Bond Index

Top 10 holdings (%)

Qualcomm Incorporated 4.65% 20-may-2035	2.05
Government Of The United States Of America 4.0% 15-nov-2042	1.94
Government Of The United States Of America 4.375% 15-may-2034	1.58
L3harris Technologies, Inc. 5.4% 31-jul-2033	1.56
Government Of The United States Of America 4.0% 31-jul-2030	1.55
American Express Company 4.05% 03-may-2029	1.54
Valero Energy Corporation 4.0% 01-apr-2029	1.52
Paypal Holdings, Inc. 4.4% 01-jun-2032	1.51
Walt Disney Company 3.8% 22-mar-2030	1.49
Nike, Inc. 2.85% 27-mar-2030	1.41
Total % of portfolio	16.15

Markets and performance

There is a saying that the markets rejoice from election day to inauguration day, and then reality sets in. It appears we saw that happen during the first quarter of this year. Animal spirits and the expectation of pro-growth policies pushed markets higher, initially. We entered 2025 with a market that was priced to near perfection including high valuations, high growth expectations, and high earnings expectations. However, cracks began to form in this rosy outlook and there were concerns around growth focused on the weakening labor market and the effects of this weakening on the consumer. In addition, there was much uncertainty surrounding policy—fiscal policy, monetary policy, regulatory policy, and trade policy. If there is one thing we know, it is that the markets do not like uncertainty. This cloud of confusion hung over the markets through the end of the first quarter, causing volatility in both equity and fixed income markets.

Positive and negative contributors to performance

The Steward Select Bond Fund returned 2.48% during the quarter versus the Bloomberg US Government/Credit Bond Index, which returned 2.70% for the same period. Fifteen of the 22 basis points (bps) of underperformance were a result of the fund's underweight to the U.S. Treasury allocation. Even though the fund's Treasury component outperformed the Treasury component of the benchmark, the underweight caused a drag on relative performance. The remainder of the underperformance was due to the shorter duration of the fund, as the U.S. 10-year Treasury yield dropped 34 bps during the month of February. Although yields reversed some in March, providing the fund with an outperformance versus the benchmark for that month, it was not sufficient to compensate for the drag during February. The income factor and our positioning along the yield curve were positive factors to performance. With the volatility in yields and the uncertainty during the quarter, cash and government agency holdings were the worst absolute performers, while Treasury, taxable municipal, and investment-grade corporate allocations provided the best absolute performance. The corporate allocation of the fund did outperform that of the benchmark, and the overweight to that sector provided the largest positive contributor.

Looking ahead

As we move through 2Q25, the uncertainty continues. Decisions will need to be made on how to move forward with tariffs, tax cuts, the debt ceiling debate, and budget deals. At Crossmark, we see this as translating to continued volatility, although we do believe that perhaps the high point for the U.S. 10-year Treasury yield has been reached for the year. With that outlook, we have moved our duration positioning close to neutral and increased the Treasury allocation to take advantage of potential yield fluctuations.

Performance (%)	Quarter	YTD	1-year	3-year	5-year	10-year	Since inception
Steward Select Bond Fund (SEACX)	2.48	2.48	4.36	0.93	0.07	1.00	2.21
Bloomberg US Government/Credit Bond Index	2.70	2.70	4.66	0.45	-0.34	1.58	3.20

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.

Our firm

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The fund may not achieve its objective if the managers' expectations regarding particular securities or markets are not met. Fixed income investments generally involve three principal risks—interest rate risk, credit risk, and liquidity risk. Prices of fixed-income securities rise and fall in response to interest rate changes (interest rate risk). Generally, when interest rates rise, prices of fixed-income securities fall. The longer the duration of the security, the more sensitive the security is to this risk. There is also a risk that the issuer of a note or bond will be unable to pay agreed interest payments and may be unable to repay the principal upon maturity (credit risk). Lower-rated bonds, and bonds with longer final maturities, generally have higher credit risks. As interest rates rise and/or the credit risk associated with a particular issuer changes, bonds held within a portfolio may become difficult to liquidate without realizing a loss (liquidity risk).

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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