

# QUARTERLY UPDATE: 2Q 2021

## STEWARD SMALL-MID CAP ENHANCED INDEX FUND COMMENTARY



written by  
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Steward Small-Mid Cap Enhanced Idx - Instl	
Ticker	SCECX
Inception Date	4/3/2006
Net Expense Ratio	0.56%
Primary Benchmark	S&P 1000 TR

### Top 10 Holdings

NI FDS TREAS PORT PREMIEF	0.83%
RH	0.52%
VISTA OUTDOOR INC	0.52%
FULGENT GENETICS INC	0.50%
STAAR SURGICAL CO	0.49%
SOLAREDEGE TECHS. INC	0.47%
BIO-TECHNE CORP	0.44%
AXON ENT. INC	0.44%
TREX CO INC	0.43%
CROCS INC	0.42%
Total % of Portfolio	5.05%

### Markets and Performance

Unlike the large-cap universe, the value stocks in the small-cap market continued to outperform their growth counterparts in the second quarter of 2021. The Steward Small-Mid Cap Enhanced Index Fund Institutional Class shares, 4.05% beating the benchmark S&P 1000 Index by 0.14%. For comparison purposes, the return of the S&P 1000 Pure Growth Index for the same period was 3.61%, while the S&P 1000 Pure Value Index was 6.04%.

### 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 cost nine basis points (bps), while the exposure to value added 21 bps to the Fund's performance. Overall, the allocations towards value and growth added 13 bps to performance compared to the S&P 1000.

Performance can also be affected by the Fund's values-based screening policies. For the quarter, these screening policies had a negative impact on Fund performance, costing 23 bps. Companies such as Scientific Games (gambling), up 101.95%, Tenet Healthcare (abortion) up 27.11%, and Caesar's Entertainment (gambling), up 22.38%, all outperformed the S&P 1000 benchmark. Screening out these three securities detracted 12 bps from performance. Conversely, not owning companies such as Penn National (gambling), down 14.99%, Boston Beer (alcohol), down 13.86%, and Churchill Downs (gambling), down 12.48%, positively impacted performance by 17 basis points.

### Looking Ahead

Looking ahead, we believe the Fund's tilt towards growth should continue to help it outperform as the "sugar high" from the economic re-opening continues to fade. As these fundamentals return to more normal status, we think investors will favor steady growth over a one-time re-opening surge.

### Trailing Returns

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Steward Small-Mid Cap Enhanced Index Fund - Instl	4.05%	19.64%	59.41%	10.26%	13.40%	11.52%
S&P 1000 TR	3.91%	19.36%	57.32%	12.87%	14.76%	12.74%

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