

# QUARTERLY UPDATE: 3Q 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	0.57%
Primary Benchmark	S&P 1000 TR

### Top 10 Holdings

NI FDS TREAS PORT PREMIER	1.02%
REPLIGEN CORP	0.60%
CROCS INC	0.51%
MR COOPER GRP. INC	0.51%
RH	0.51%
FULGENT GENETICS INC	0.48%
CELSIUS HLDGS. INC	0.47%
VISTA OUTDOOR INC	0.45%
SOLAREEDGE TECHS. INC	0.45%
INNOVATIVE INDL. PROPS. I	0.44%
Total % of Portfolio	5.46%

### Markets and Performance

As the COVID-19 Delta variant surged during the third quarter of 2021, investors sought the relative safety of large caps, leading to small-cap underperformance. The Steward Small Mid-Cap Enhanced Index Fund returned -1.72%, beating the S&P 1000 Index benchmark by 0.38%. For comparison purposes, the return for the S&P 1000 Pure Growth Index for the same period was -2.03%, while the S&P 1000 Pure Value Index was -1.30%.

### Positive and Negative Contributors to Performance

The Fund's blended style structure remained tilted towards growth, allocating 60% small/mid-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 two basis points (bps), while the exposure to value added eight bps to Fund performance. Overall, the allocations towards value and growth added ten bps to performance compared to the S&P 1000.

The performance of the Fund can also be affected by our values-based screening policies. For the quarter, the values-based screening policies positively impacted Fund performance, adding 16 bps. Companies such as Scientific Games (gambling), up 7.27%, Murphy USA (tobacco, alcohol) up 25.61%, and Churchill Downs (gambling), up 21.09%, outperformed the S&P 1000 benchmark. Screening out these three securities detracted nine bps from performance. Conversely, not owning companies such as Community Health (abortion), down 14.99%, Boston Beer (alcohol), down 50.06%, and Brinker International (alcohol), down 20.70%, positively impacted performance by 16 basis points.

### Looking Ahead

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

### Trailing Returns

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Steward Small-Mid Cap Enhanced Index Fund - Instl	-1.72%	17.58%	49.37%	8.34%	11.66%	13.84%
S&P 1000 TR	-2.10%	16.86%	47.66%	10.57%	13.16%	15.02%

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