

Steward Values Enhanced Large Cap Fund¹

Commentary | Quarterly update: 2Q24

Institutional shares



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Snapshot

Ticker	SEECX
Inception date	10/1/2004
Prospectus dated	8/28/2023
Prospectus expense ratio	0.61%
Primary benchmark	S&P 500 Index

Top 10 holdings (%)

Microsoft Corporation	6.85
NVIDIA Corporation	6.34
Apple Inc.	6.26
Amazon.com, Inc.	3.64
Meta Platforms Inc Class A	2.27
Alphabet Inc. Class A	2.20
Alphabet Inc. Class C	1.86
Eli Lilly and Company	1.58
Berkshire Hathaway Inc. Class B	1.56
Broadcom Inc.	1.43
Total % of portfolio	33.98

Markets and performance

Equity markets were mixed for the second quarter following a strong start to the year. Large cap names continued to perform positively after a tough start to the quarter, propelled by the AI gold rush and slightly moderating inflation. NVIDIA Corp. (6.32% of total net assets) continued its meteoric rise driving both the technology sector and broad market return, while industrials and financials were the largest negative performers for the quarter. For the period, Steward Values Enhanced Large Cap Fund returned 3.68% versus the S&P 500 Index return of 4.28%.

Positive and negative contributors to performance

The fund implements a strategy to upweight companies that score at the top of its values-focused composite rankings. At quarter-end, the fund upweighted 62 companies by 10 basis points (bps) each, which is six less names than the prior quarter. The decrease is due to the aggregate weight of excluded names shrinking by 60 bps.

The performance of the fund can also be affected by its values-based exclusionary screening policies. For the quarter, the impact of the values-based exclusionary screening marginally contributed to relative fund performance, adding 6 bps. On the positive side, healthcare names that performed negatively benefited the portfolio. Johnson and Johnson (-6.82%), Merck (-5.59%), AbbVie (-4.96%) and Bristol-Myers Squibb (-22.31%) collectively added 10 bps of relative performance. All four of these names cannot be held due to participation in embryonic stem cell research.

Conversely, Philip Morris (12.02%), Vertex Pharmaceuticals (12.13%) and Regeneron Pharmaceuticals (9.20%) all had strong quarters that detracted 9 bps of relative performance. Philip Morris cannot be held due to participation in tobacco production, while Vertex and Regeneron are removed for participation in embryonic stem cell research.

Looking ahead

Economic uncertainty has begun to creep into the conversation, with many of the latest releases pointing to slowing momentum. Unemployment claims are at their highest point in almost a year while the latest retail sales numbers came in far weaker than estimates. Consumer sentiment also surprised the market negatively against expectations for improvement. Market breadth continues to be exceptionally narrow, with the cap-weighted S&P 500 beating the equal-weighted S&P 500 by more than 10% year-to-date. We expect near-term choppiness as the market looks for the Fed's next move and continues to watch the AI narrative play out.

¹ Effective Aug. 27, 2024, Steward Values-Focused Large Cap Enhanced Index Fund has been renamed Steward Values Enhanced Large Cap Fund.

Performance (%)	Quarter	YTD	1-year	3-year	5-year	10-year	Since inception
Steward Values Enhanced Large Cap Fund (SEECX)	3.68	14.23	23.15	9.36	13.33	11.01	10.08
S&P 500 Index	4.28	15.29	24.56	10.01	15.05	12.86	10.45

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'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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