

Steward Values-Focused Large Cap Enhanced Index Fund

Commentary | Quarterly update: 1Q24

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	6.65
Apple Inc.	5.29
NVIDIA Corporation	4.81
Amazon.com, Inc.	3.49
Meta Platforms Inc Class A	2.26
Alphabet Inc. Class A	1.86
Berkshire Hathaway Inc. Class B	1.68
Alphabet Inc. Class C	1.62
Eli Lilly and Company	1.41
JPMorgan Chase & Co.	1.24
Total % of portfolio	30.33

Markets and performance

Equity markets carried over the strength that ended 2023 with another strong performance in the first quarter of 2024. The “goldilocks” economic conditions persisted in the quarter, with GDP growth staying resilient while inflation continued its slow and steady decline towards the Fed’s targeted 2% goal. This led to strong equity markets. Large caps generally outperformed small caps again, and Real Estate was the only sector with negative performance for the quarter. For the period, Steward Values-Focused Large Cap Enhanced Index Fund returned 10.18%, slightly underperforming the primary benchmark, S&P 500, by 0.38%.

Positive and negative contributors to performance

The fund implements a strategy to upweight companies that rank at the top of its values-focused composite rankings. At quarter-end, the fund upweighted 68 companies by 10 basis points (bps) each, which is one less than the prior quarter.

The performance of the fund can also be affected by the fund’s values-based screening policies. For the quarter, the values-based screening policies had a positive impact on fund performance, adding 21 bps. Companies such as Merck (embryonic stem cell research), up 21.81%, General Electric (embryonic stem cell research), up 37.53%, and AbbVie (embryonic stem cell research), up 18.63%, outperformed the benchmark. Screening out these three securities detracted 22 bps from performance. Conversely, not owning companies such as Pfizer (embryonic stem cell research), down 2.14%, Johnson & Johnson (embryonic stem cell research), up 1.69%, and UnitedHealth Group (abortion), down 5.66%, positively impacted performance by 32 bps.

Looking ahead

Looking ahead, we hope the “Goldilocks” economic conditions can continue. The markets would like to see GDP stay strong enough to avoid a recession, but not so strong as to increase inflation. The Fed has raised rates back to a more normalized level and to have dry powder for the next financial slowdown. Corporate earnings are getting back on a growth trajectory. If these can continue, 2024 could be another good year.

Performance (%)	Quarter	YTD	1-year	3-year	5-year	10-year	Since inception
Steward Values-Focused Large Cap Enhanced Index Fund (SEECX)	10.18	10.18	28.60	11.28	13.41	11.20	10.01
S&P 500 Index	10.56	10.56	29.88	11.49	15.05	12.96	10.35

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. Equity investments generally involve two principal risks—market risk and selection risk. The value of equity securities will rise and fall in response to general market and/or economic conditions (equity market risk). The value of any individual equity security will rise and fall in response to the market's perception of the issuer's revenues, earnings, balance sheet, credit worthiness, business plan, and overall perception of the viability of the issuer's business (selection 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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