



STEWARD VALUES-FOCUSED SMALL-MID CAP ENHANCED INDEX FUND

COMMENTARY | QUARTERLY UPDATE: 4Q 2022

Institutional Shares



written by **Brent Lium, CFA®** Managing Director – Head of Equity Investments

| Steward Values-Focused Small-Mid Cap Enhanced Index Fund - Institutional | |
|--|-----------|
| Ticker | SCECX |
| Inception Date | 4/3/2006 |
| Prospectus Dated | 8/28/2022 |
| Prospectus Expense Ratio | 0.61% |
| Primary Benchmark | S&P 1000 |

Top 10 Holdings

| | |
|-----------------------------|--------------|
| Steel Dynamics, Inc. | 0.53% |
| Fair Isaac Corp. | 0.49% |
| Deckers Outdoor Corp. | 0.45% |
| First Horizon Corp. | 0.45% |
| Essential Utilities, Inc. | 0.43% |
| United Therapeutics Corp. | 0.41% |
| RPM International, Inc. | 0.41% |
| Hubbell, Inc. | 0.40% |
| Carlisle Companies, Inc. | 0.39% |
| Graco, Inc. | 0.39% |
| Total % of Portfolio | 4.33% |

Markets and Performance

After three down quarters in a row, the market finally rallied in the final quarter of 2022. The market seemed encouraged that inflation may have peaked. Helping that sentiment, the Fed seemed to indicate it was going to slow the increases in the Fed fund rates in their battle with inflation. The Steward Values-Focused Small-Mid Cap Enhanced Index Fund (the Fund) returned 10.14% trailing the benchmark, S&P 1000, by 0.17% for the quarter ending December 31, 2022.

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 37 companies by 10 bps each, six more than the prior quarter. The upweighting did not have a material impact on performance for the quarter.

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 9 bps. Companies such as Performance Food Group (tobacco), up 35.95%, Light & Wonder (gambling), up 36.66%, and Vector Group (tobacco), up 37.07%, outperformed the S&P 1000 benchmark. Screening out these three securities detracted 11 bps from performance. Conversely, not owning companies such as Camden Property (abortion), down 5.57%, Medical Properties Trust (abortion), down 3.78%, and Tenet Healthcare (abortion), down 5.41%, positively impacted performance by 14 basis points.

Looking Ahead

Looking forward, we think the equity market volatility will continue into 2023. Market concerns over the Ukraine conflict seem to have faded and the Fed's battle against inflation has turned for the better. However, the new concern will be whether the war against inflation (i.e. the Fed raising rates) causes a recession. The market is likely to be volatile as it responds to economic data that supports either case.

| Performance | QTD | YTD | 1 Year | 3 Years | 5 Years | 10 Years |
|--|--------|---------|---------|---------|---------|----------|
| Steward Values-Focused Small-Mid Cap Enhanced Index Fund - Institutional | 10.14% | -14.56% | -14.56% | 6.15% | 5.05% | 9.68% |
| S&P 1000 | 10.31% | -13.98% | -13.98% | 6.80% | 6.46% | 10.80% |

Index returns shown assume the reinvestment of all dividends and distributions.

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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