



Steward Values-Focused Small-Mid Cap Enhanced Index Fund Commentary | Quarterly update: 4Q 2023

Institutional shares



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

Steward Values-Focused Small-Mid Cap Enhanced Index Fund

Ticker	SCECX
Inception date	4/3/2006
Prospectus dated	8/28/2023
Prospectus expense ratio	0.65%
Primary benchmark	S&P 1000 Index

Top 10 holdings (%)

Deckers Outdoor Corp.	0.56
Williams-Sonoma, Inc.	0.45
Reliance Steel & Aluminum Co.	0.42
GoDaddy, Inc. Class A	0.41
Carlisle Companies, Inc.	0.40
Lennox International, Inc.	0.39
RPM International, Inc.	0.38
Graco, Inc.	0.38
Watsco, Inc.	0.38
US Foods Holding Corp.	0.38
Total % of portfolio	4.14

Markets and performance

After an up and down year, small and mid-cap stocks had a very strong fourth quarter to end 2023 on a high note. At their December meeting, the Fed signaled they were likely done with interest rate increases. The market read that as a very positive sign and rallied hard for the month of December. Reversing the performance of the third quarter, Energy was the only negative sector in small and mid-cap stocks. Consumer discretionary was the strongest sector. For the period, Steward Values-Focused SMID Cap Enhanced Index Fund returned 12.64%, trailing the primary benchmark, the S&P 1000, by 0.08%.

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 32 companies by 10 basis points (bps) each, which is one more 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 slight positive impact on fund performance, adding 3 bps. Companies such as Texas Roadhouse (alcohol), up 27.81%, Carlyle Group (abortion), up 17.87%, and Performance Food Group (tobacco), up 17.48%, outperformed the S&P 1000 benchmark. Screening out these three securities detracted 6 bps from performance. Conversely, not owning companies such as Casey's General Store (alcohol, tobacco), up 1.35%, Boston Beer (alcohol), down -11.28%, and Halozyne Therapeutics (abortion), down -3.25%, positively impacted performance by 9 bps.

Looking ahead

Looking forward, hopefully the economic pattern we witnessed in 2023 – relatively strong economic growth combined with cooling inflation – can carry over to 2024. The Fed has the economy on a glide path to the so called “soft landing”. Small and mid-cap stocks lagged the large caps in 2023 and are trading at a discount to the large caps. If the soft landing continues, maybe the small and mid-caps could close some of the performance gap.

Performance (%)	QTD	YTD	1-year	3-year	5-year	10-year
Steward Values-Focused Small-Mid Cap Enhanced Index Fund	12.64	15.98	15.98	7.83	11.04	7.84
S&P 1000 Index	12.72	16.35	16.35	7.85	12.14	9.09

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

Crossmark Global Investments is a faith-based firm that creates and manages values-based investment strategies for financial intermediaries and their clients. Founded over 35 years ago, the firm has a rich history of inspiring and equipping its clients to go further in aligning their investments with their values. Crossmark is based in Houston, Texas. For more information, visit crossmarkglobal.com.

Contact a member of our Advisor Solutions Team

advisorsolutions@crossmarkglobal.com | 888.845.6910

The Steward Funds are distributed by **Crossmark Distributors, Inc., member FINRA**. Crossmark Distributors is an affiliate of Crossmark Global Investments, Inc., the Steward Funds’ investment adviser. Crossmark Global Investments is an investment adviser registered with the Securities and Exchange Commission that provides discretionary investment management services to mutual funds, institutions, and individual clients.

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.

Information and recommendations contained in market commentaries and writings are of a general nature and are not intended to be construed as investment, tax or legal advice. These materials reflect the opinion of Crossmark on the date of production and are subject to change at any time without notice. Where data is presented that was prepared by third parties, the source of the data will be cited, and we have determined these sources to be generally reliable. However, Crossmark does not warrant the accuracy of the information presented.

The S&P 1000 Index is a product of S&P Dow Jones Indices LLC or its affiliates (“SPDJI”), and has been licensed for use by Crossmark Global Investments. Standard & Poor’s® and S&P® are registered trademarks of Standard & Poor’s Financial Services LLC (“S&P”) and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”). The trademarks have been licensed to SPDJI and have been sublicensed for use for certain purposes by Crossmark Global Investments. Steward Values-Focused Small-Mid Cap Enhanced Index Fund strategy is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, or any of their respective affiliates (collectively, “S&P Dow Jones Indices”). S&P Dow Jones Indices makes no representation or warranty, express or implied, to the owners of the CGI Strategies or any member of the public regarding the advisability of investing in securities generally or in CGI Strategies particularly or the ability of the S&P Indices to track general market performance. S&P Dow Jones Indices only relationship to Crossmark Global Investments with respect to the S&P Indices is the licensing of the Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The S&P Indices are determined, composed and calculated by S&P Dow Jones Indices without regard to Crossmark Global Investments or the CGI Strategies. S&P Dow Jones Indices has no obligation to take the needs of Crossmark Global Investments or the owners of CGI Strategies into consideration in determining, composing or calculating the S&P Indices. S&P Dow Jones Indices is not responsible for and has not participated in the determination of the prices, and amount of CGI Strategies or the timing of the issuance or sale of CGI Strategies or in the determination or calculation of the equation by which CGI Strategies are to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices has no obligation or liability in connection with the administration, marketing or trading of CGI Strategies. There is no assurance that investment products based on the S&P Indices will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

© 2024 Crossmark Distributors, Inc. Distributor Member FINRA