

Steward International Enhanced Index Fund

Commentary | Quarterly update: 3Q24

Institutional shares



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Snapshot

Ticker	SNTCX
Inception date	2/28/2006
Prospectus dated	8/28/2024
Prospectus expense ratio	0.78%
Primary benchmark	S&P International 700 ADR Index

Top 10 holdings (%)

ASML Holding NV ADR	6.01
Unilever PLC Sponsored ADR	5.93
SAP SE Sponsored ADR	5.71
Shell Plc Sponsored ADR	4.80
RELX PLC Sponsored ADR	3.69
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	3.21
HSBC Holdings PLC Sponsored ADR	3.21
TotalEnergies SE Sponsored ADR	3.19
BHP Group Ltd Sponsored American Depositary Receipt Repr 2 Shs	3.12
Sony Group Corp. Sponsored ADR	2.61
Total % of portfolio	41.49

Markets and performance

International developed markets largely kept pace with domestic markets, while emerging markets considerably outshined both. The first rate hike by the Bank of Japan in over 17 years sparked heavy volatility across the globe as traders unwound popular Yen carry trades. The Nikkei dropped over 10% when the news released but rebounded to finish positively for the quarter. China buoyed emerging markets with a handful of catalysts stemming from advantageous policy measures put forth by the People's Bank of China. For the period, Steward International Enhanced Index Fund outperformed its benchmark, returning 6.04% versus the S&P International 700 ADR Index return of 4.96%. For comparison purposes, the S&P Emerging 50 ADR Index returned 10.25%, while the MSCI EAFE Index returned 0.26%.

Positive and negative contributors to performance

The fund's dual market structure increased its allocation to emerging markets (EM) during the quarter: 80% allocated towards non-U.S. developed markets (DM) and 20% toward EM. As a reminder, the fund's dual market structure tilts its EM allocation between 10–20% of total net assets, with 15% representing a neutral position. During the quarter, the allocation to EM positively impacted the fund by 38 basis points (bps) relative to the primary benchmark. Investments in China and India had the largest positive contribution to performance while Taiwan was the leading negative contributor, weighed down by Taiwan Semiconductor which struggled through most of the quarter, but finished flat overall. Values-based restricted stocks positively contributed to relative performance, adding 88 bps. The overwhelming majority derived from top index weight Novo Nordisk (embryonic stem cell), which was down -16.36%. Not owning outperforming stocks Sanofi (abortifacient manufacturing) and British Tobacco (tobacco) negatively impacted relative performance.

Looking ahead

As predicted last quarter, the U.S. dollar reversed course and saw a steady decrease commensurate with the Fed rate cut. This helped bolster the emerging market narrative which should be seen as a tailwind for these names moving forward. The China rally that kicked off at the end of 3Q will be dependent on the implementation of the previously announced policies. In developed markets, inflation remains above 2% in England, with the BoE cutting rates for the first time in August. Interest rate markets are pricing in 100 bps of cuts over the next 12 months. The eurozone is drifting down towards the ECB target and expect a very likely rate cut at the October meeting. The Bank of Japan will look to increase rates further down the road using caution in their approach. We continue to monitor the global macro situation to ensure the DM versus EM allocation remains consistent with our global outlook going forward.

Performance (%)	Quarter	YTD	1-year	3-year	5-year	10-year	Since inception
Steward International Enhanced Index Fund (SNTCX)	6.04	14.46	25.99	6.85	8.26	4.64	3.45
S&P International 700 ADR Index	4.96	16.31	26.96	9.89	10.27	5.98	5.23

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.

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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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