

Enhanced Index Strategy Report and Commentary

June 30, 2016

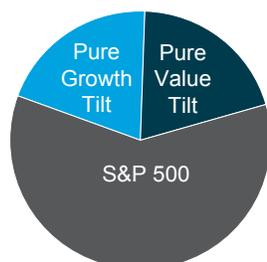
Steward Large Cap Enhanced Index Steward Small-Mid Cap Enhanced Index Steward International Enhanced Index

For most of the second quarter the stock market kept in in a fairly tight trading range. All that changed overnight after the United Kingdom, in a surprise result, voted to leave the European Union. Markets around the world crashed, leading to the greatest one-day loss ever recorded in global markets of \$2.08 trillion.

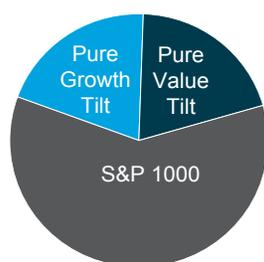
After a couple of wild days, the FTSE found its footing and soared to pre-Brexit vote highs and closed out June at 6504, outperforming the other major EU countries in the process. The biggest impact on the U.S. may be a continued delay by the Federal Reserve in raising interest rates. The pre-Brexit odds for a rate hike sometime in 2016 were pegged at 50%, but the post-Brexit odds fell to only 17%.

The Manufacturing and Services Industries are both spurring on the economy, while the Industrial Production Industry remains one of the weaker elements. However, perhaps the most significant occurrence in the economic environment lately is the flattening of the yield curve. The difference between the yield on the 10-year and 2-year Treasuries here in the USA has fallen from a high of 2.66 in December 2013 to a recent low of 0.81. Some economists have argued that with corporate earnings so weak, price targets should be lowered. However, the second quarter should be the last down quarter followed by the resumption of positive growth. We believe investors will be looking past the valley to the good news on the other side.

Large Cap Tilt



Small-Mid Cap Tilt



International Tilt



Index & Screen Impact

Steward Large Cap Enhanced Index

Index	2Q
S&P 500	+2.46%
S&P 500 Pure Value	+1.46%
S&P 500 Pure Growth	+2.01%

Screen Impact - Negative

Pfizer (PFE)	+19.87%
Johnson & Johnson (JNJ)	+12.90%
Bristol Myers Squibb (BMY)	+15.74%

Steward Small-Mid Cap Enhanced Index

Index	2Q
S&P 1000	+3.84%
S&P 1000 Pure Value	-0.11%
S&P 1000 Pure Growth	+3.09%

Screen Impact - Positive

Tenet Healthcare (THC)	-4.46%
Community Health Systems (CYH)	-20.91%
AMC Entertainment (AMC)	-0.68%

Steward International Enhanced Index

Index	2Q
S&P ADR	+2.52%
MSCI Emerging Markets	+0.79%

Screen Impact - Negative

Novartis (NVS)	+13.90%
British American Tobacco (BTI)	+10.75%
GlaxoSmithKline (GSK)	+8.15%

Faith-Based Screening Methodology:

The Funds use CFS Consulting Services, LLC (CCS) as its provider of cultural values research data in the screening of securities. The management team at CCS pioneered the initial development of values-based investing in the mid 1990's. Their experience includes having started an investment research firm dedicated to values-based investing data and analysis in 1996.

The Funds apply a comprehensive set of cultural values screens to all of the investments. Screens applied to the portfolio management process allow investors to avoid owning securities in companies that choose to profit from businesses that are at odds with values consistent with a Christian lifestyle.

Strict exclusionary screens are applied to companies involved in the businesses of abortion and pornography. In addition, the Funds screen for businesses that are principally involved in gambling, or the manufacturing of alcoholic or tobacco products. The Funds employ only avoidance screens and does not dilute the portfolio by seeking to invest in companies that promote any individual cultural or social issue.

This methodology gives the Funds the ability to serve a rapidly growing number of investors seeking competitive investment returns without compromising their personal convictions.

Risk Factors: *The Fund may not achieve its stated investment objective. Please be aware that the Fund may be subject to certain additional risks such as Cultural Values Screening and Equity Market Risk. The Fund may not achieve the same level of performance as it would have without the application of the Cultural Values Screening policies. The value of equity securities will rise and fall in response to the activities of the companies that issued the securities, general market conditions and/or economic conditions. Please see the Fund's prospectus for a further explanation of these risks.*

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. For the Fund's performance as of the most recent month end, please call 800-262-6631. Returns are historical and are calculated by determining the percentage change in the net asset value (NAV) with all income and capital gain distributions reinvested.

This is not an offer to sell or a solicitation to buy Fund shares. Sales of Fund shares may only be made by prospectus. Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by calling Capstone Asset Planning Company, Distributor for the Steward Funds, Inc., (800) 262-6631. Please read the prospectus carefully before you invest.