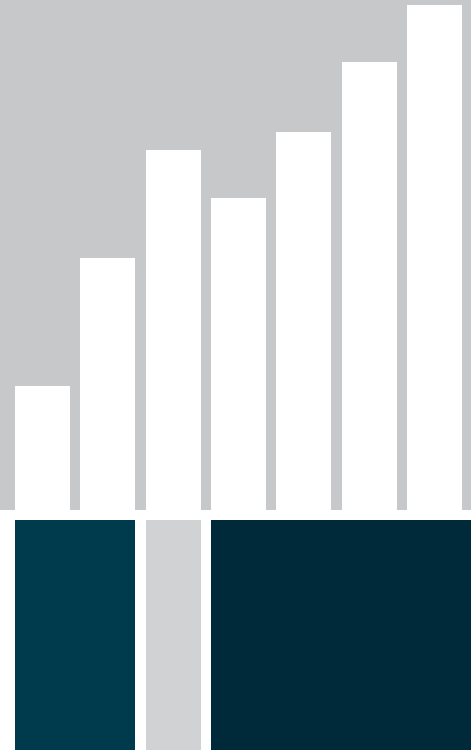


A LEADER IN VALUES-BASED INVESTING

STEWARD FUNDS COMMENTARIES

4Q 2016 Commentaries

- Steward Global Equity Income Fund
- Steward Select Bond Fund



Steward Global Equity Income Fund Commentary

December 31, 2016

Performance

The fourth quarter began with markets trading lower in October, and then rebounding after the U.S. election in November, and closing the quarter with another overall gain. The Global Equity Income Fund benchmarks of the S&P 500 and the S&P Global 1200 ended the quarter with returns of 3.82% and 2.08% respectively. For dividend income comparison purposes, the MSCI ACWI High Dividend Yield Index returned -0.12%.

Factors Affecting Performance

Key factors in the U.S. for the quarter include the FOMC raising its target range for rates by 25 basis points in December. More importantly, the Fed indicated a more hawkish shift as it upped its projected 2017 hikes from two to three 25 basis points increases. Consumer confidence in the U.S. has hit cycle highs as low unemployment, improving home sales and a positive trend in economic growth have bolstered perceptions. Internationally, a recent Purchasing Manager's Index survey has indicated a significant uptick in economic growth. Canada has reported growth for the ninth consecutive month following a seven month contraction. The UK revealed that they are in their fourth month of growth following the BREXIT vote. The Eurozone is at its highest level since January of 2014 and China has risen to its highest level since July of 2014. While this survey is just one of several leading indicators of economic growth, it does provide some insight to future trends. Recently reported lagging indicators of economic growth continue to show a slow but steady global growth environment.

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Earnings as represented by the S&P 500 have continued to improve in the third quarter as the reported growth rate of 3.2% is the first positive rate of the year. The energy sector continues to drag as earnings dropped -63% in the quarter. Looking forward, earnings growth estimates for the full year of 2016 have been revised upward with expectations now going positive at 0.3%.

**2015 & 2016
LIPPER BEST
GLOBAL EQUITY
INCOME FUND
AWARD WINNER
FOR 5-YEAR
PERIOD**



THOMSON REUTERS
LIPPER FUND AWARDS 2015
UNITED STATES



2016
THOMSON REUTERS
LIPPER FUND AWARDS

The U.S. Lipper Fund Awards recognized The Fund on March 31, 2015 and March 22, 2016 for delivering consistently strong risk-adjusted performance, relative to its peers, for the 5-year period. Chosen out of 66 others in 2015 and 80 others in 2016, The Fund achieved the highest Lipper Leader for Consistent Return (Effective Return Net of Expenses) value over an individual time period in its classification.

The Global Equity Income Fund closely matched the S&P Global 1200 in the fourth quarter but significantly outperformed the MSCI ACWI High Dividend Yield Index for the same period. This completes an exceptional relative performance year for the fund versus its benchmarks. The portfolio equity allocation at the end of the period was 61% U.S. and 39% international. The largest relative performance contributors for the quarter were led by People's United Financial, Inc. +23.66% whose shares climbed on a solid third quarter earnings report that included an increase in total loans and core deposits as well as higher net interest income. Canadian insurance company Manulife Financial Corporation +27.32 nearly doubled its net income in the third quarter from the previous year on investment related gains. Automatic Data Processing, Inc. +17.21% shares rose on a fairly strong first fiscal quarter earnings report and an increase in their dividend payout. The company's two major business segments, Employer Services and Professional Employer Organization Services, both experienced solid growth as revenue increased 6.1% and 13.3% respectively.

Positions within the portfolio that were negative contributors to relative performance included National Grid plc -16.66%. The electric and gas utility company reported a steep drop in profits due to a charge incurred by the sale of its UK gas distribution arm. The company however still provides predictable earnings and reliable payouts at a reasonable valuation. Taiwan Semiconductor Mfg. Co. -6.02% shares underperformed in the fourth quarter after posting a spectacular +38.52% return for the first nine months of the year. Analysts are waiting for the company to report earnings on January 12th. The Global Equity Income Fund has performed extremely well over the course of 2016 validating the effectiveness of the methodology.

Global Equity Income Fund

The Global Equity Income Fund pursues its objective through the investment in U.S. and non-U.S. dividend-paying stocks that have demonstrated above median yield, a positive trend in dividends and favorable earnings growth. These companies also represent a broad spectrum of the global economy. The objective of this fund is to provide current income and the potential for capital appreciation at lower than overall market risk.

For more information contact us at: **Steward Funds** 713.243.6720 info@stewardmutualfunds.com

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 Foreign Securities Risk. The Fund may not achieve the same level of performance as it would have without the application of the Cultural Values Screening policies. Investments in foreign securities may involve greater risk, including political and economic uncertainties of foreign countries as well as the risk of currency fluctuations. 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 888-556-5369. 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., (888) 556-5369. Please read the prospectus carefully before you invest.

Values-Based Screening Methodology:

The Fund uses 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 Fund applies 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-based investing.

Strict exclusionary screens are applied to companies involved in the businesses of abortion and pornography. In addition, the Fund screens for businesses that are principally involved in gambling, or the manufacturing of alcoholic or tobacco products. The Fund employs 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 Fund the ability to serve a rapidly growing number of investors seeking competitive investment returns without compromising their personal convictions.

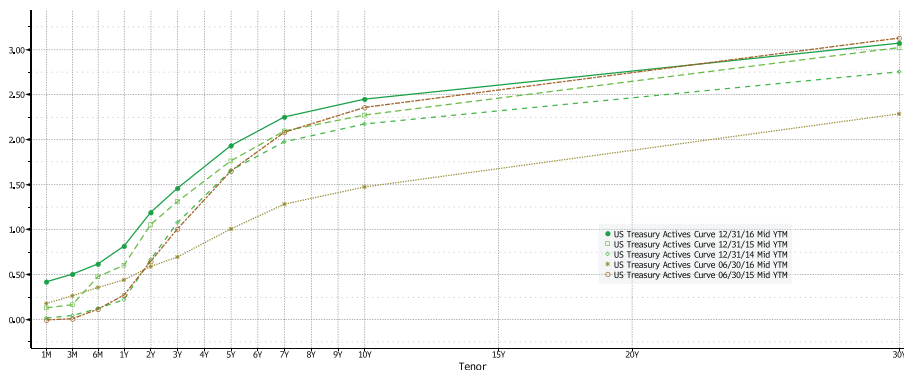
Steward Select Bond Fund Commentary

December 31, 2016

Remarkable, Mind-Blowing, Astonishing, Surprising, Prodigious, Fascinating, Stunning. What do all of these words have in common? They all describe the final quarter of 2016 – a year that may go down as a turning point both here at home and around the globe. We saw political changes in the United States, United Kingdom and Italy; negative rates take hold in multiple countries; a stronger U.S. dollar mitigating the actions of the Federal Open Market Committee; and market movements based on anticipation of higher inflation, tax reform and fiscal stimulus in the United States in 2017. Mix all of these items together and perhaps it's not such a big surprise that the U.S. 10yr Treasury note moved higher by an astounding 83 basis points over the quarter.

For those of you that have been partners with us for some time, you know that we positioned our fund in a more conservative nature versus the market with the anticipation that rates would move higher. Our outlook was that we would begin to see this change in 2015 with yields trending higher in a gradual fashion throughout the following years. As the market remained in a very low interest-rate environment, our conservative approach served as a headwind in quarters where bond bulls reigned. However, we knew there would be a point at which market anticipation would recognize that yields were too low and a correction would be forth-coming. We saw such a shift during the final quarter of the year as the yield curve steepened and the 2s/10s spread widened back out to around 125 bps.

**US Treasury Yield Curve
2014-2016**



Source: Bloomberg

- The U.S. 10yr Treasury note moved higher by an astounding 83 basis points over the quarter.
- As the new political regimes around the globe take hold and evidence presents itself as to future policy changes, we will be able to better determine appropriate strategy shifts to our portfolios.
- Combining an elevated level of cash flow with the conservative positioning of the fund by utilizing a shorter duration than the comparable bond market index allowed our fund to not only weather this yield surge over the last quarter, but outperform the Barclays Government/Credit Index.

We saw political changes in the United States, United Kingdom and Italy; negative rates take hold in multiple countries; a stronger U.S. dollar mitigating the actions of the Federal Open Market Committee; and market movements based on anticipation of higher inflation, tax reform and fiscal stimulus in the United States in 2017.

For fixed income investors, the steady cash flow provided by their holdings is a key component of return as the income remains constant regardless of volatility in the marketplace. Combining an elevated level of cash flow with the conservative positioning of the fund by utilizing a shorter duration than the comparable bond market index allowed our fund to not only weather this yield surge over the last quarter, but outperform the Barclays Government/Credit Index.

The current structure of the fund will remain steady for the immediate future as markets continue to fluctuate, searching for a comfortable trading range that is consistent with economic outlooks. As the new political regimes around the globe take hold and evidence presents itself as to future policy changes, we will be able to better determine appropriate strategy shifts for the fund. By following our four-step investment process of determining and evaluating duration, yield-curve shifts, sector selections and individual security characteristics, we will make opportunistic

updates to our strategy and fund holdings. I don't know what words we may need to describe 2017, but if it's anything like the past year, we are in for an exceptional, unusual, staggering, startling, out-of-this-world adventure.

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