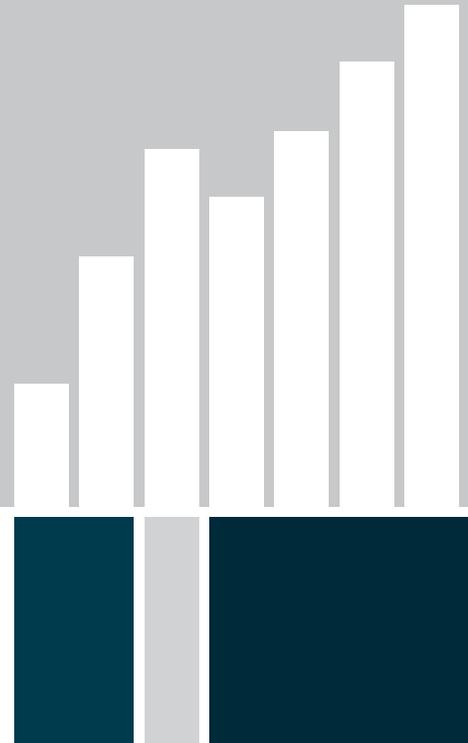


A LEADER IN VALUES-BASED INVESTING

STEWARD FUNDS COMMENTARIES

2Q 2017 Commentaries

- Steward Select Bond Fund
- Steward Global Equity Income Fund
- Steward Funds – A Peek into our Values-Based Screening Process



Steward Select Bond Fund Commentary

June 30, 2017

Factors Affecting Performance

It's summertime – which means we have maneuvered through the first half of the year with fixed income markets rallying (i.e., rising bond prices and falling bond yields) for the majority of that time and credit spreads (the difference in yields between corporate vs. government bonds) remaining contained at low levels. We began the year with the US 10yr Treasury Note yielding around 2.44%, rallying to a 2017 year-to-date low yield of 2.13% in June (as bond prices rally/rise, the yield on bonds fall – and vice versa) before a brief reversal to end the 2nd quarter at 2.30%. The recent rebound in interest rates was sparked by European Central Bank (ECB) President Mario Draghi's comment in June that perhaps it is time for the ECB to look at removing some of their monetary stimulus policies – a move that would more closely align the ECB with the recent monetary tightening actions by the US Federal Reserve (“the Fed”).

Looking at the second half of the year, there appears to be plenty of fodder for increased volatility in markets: increasing geopolitical tensions with North Korea; domestic US policy issues regarding healthcare, tax reform and infrastructure stimulus; and market uncertainty around both the path of future Fed interest rate hikes and in guessing how the Fed will wind down its \$4.2T balance sheet (prior to the financial crisis in 2008, the Fed balance sheet was just \$2B).

With these uncertainties looming, the Steward Select Bond Fund continues to favor a more conservative, risk-averse fixed income portfolio. As such, the fund is structured accordingly: 1) with a shorter duration (i.e., less sensitivity to rising interest rates) relative to comparable and benchmark indices to help reduce interest-rate risk; 2) with high-quality investments to counter credit risk (i.e., the risk that a borrower cannot make its coupon and/or principal payments); and 3) with large global bond issues to diminish liquidity risk (i.e., risk that a bond holding cannot be sold quickly at a favorable price). With an overweight allocation to investment-grade corporate bonds relative to our benchmark index, we are able to focus on increased levels of income generation to buffer market value volatility and help support total return for the portfolio.

Performance

For the month of June, the Steward Select Bond Fund slightly underperformed its benchmark index. However, we are confident that our more conservative income and allocation decisions will continue to provide positive contributions to return. With additional volatility likely on the horizon, we will continue to utilize our four-step strategy focusing on duration, yield curve, sectors and security selection to help determine the most appropriate allocations within the Steward Select Bond Fund to meet the needs of our clients.

Values-Based Screening Methodology:

The Fund uses CFS Consulting Services, LLC (CCS) as its provider of widely held 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 widely held 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 widely held values 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.

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 Credit and Interest Rate Risk. The Fund could lose money if an issuer of fixed income securities defaults on its interest payments, fails to repay principal or its credit rating is downgraded. In general, bond prices rise when interest rates fall. This effect is usually more pronounced for bonds with long-term maturities. 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., 800-262-6631. Please read the prospectus carefully before you invest.

Steward Global Equity Income Fund Commentary

June 30, 2017

Factors Affecting Performance

U.S. economic growth was somewhat lackluster in the first quarter of 2017 but is expected to pick up in coming months. The anticipation for the administration's proposals on healthcare reform, trade policy and tax reform has been subdued as the challenge of getting a consensus through both the House and Senate becomes more apparent. While most of these policies would have a positive impact on the equity markets, there is also a degree of uncertainty associated with the final details of these bills and how they would be implemented. The Federal Reserve, confident that the economy has sufficient momentum, hiked rates in June and signaled that it intends to raise them again this year while also starting the process of reducing its balance sheet. In Canada, the economy's momentum remains strong, and real GDP growth is expected to pick up in the next few months. The Bank of Canada should now be in a position to potentially raise interest rates later this year. Overseas, the UK is beginning its Brexit negotiations, and the Bank of England has set its policy to cushion the economy from potential weaker demand. In the Eurozone, economic growth is picking up steam and unemployment is falling, however, wage growth remains weak.

Earnings growth has improved significantly in 2017. For the first quarter as represented by the S&P 500, earnings increased by 13.8% over the previous quarter. Estimated earnings growth for the full year of 2017 is now estimated to increase by 10%. The energy sector, after experiencing steep declines from low oil prices, is now estimated to rebound and have earnings growth of 268% for the full year.

Performance

The second quarter continued its momentum from the beginning of the year with equity markets moving higher as valuations increased. The Steward Global Equity Income benchmarks of the S&P Global 1200 and the S&P 500 ended the second quarter with returns of 4.31% and 3.09%, respectively. For dividend income comparison purposes, the MSCI World High Dividend Yield Index returned 3.20%.

The Steward Global Equity Income Fund outperformed all three comparable indices in the second quarter of 2017. The portfolio equity allocation at the end of

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UNITED STATES
THIRD CONSECUTIVE YEAR

The U.S. Lipper Fund Awards recognized The Fund on March 31, 2015, March 22, 2016 and March 23, 2017 for delivering consistently strong risk-adjusted performance, relative to its peers, for the 5-year period. Chosen out of 66 others in 2015, 80 others in 2016, and 22 others in 2017, 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 quarter was 57% U.S. and 43% international. The largest positive contributors were McDonald's Corp. (+18.90%), Quest Diagnostics Inc. (+13.73%), and InterContinental Hotels Group plc (+14.22%). Contributors to relative negative performance included International Business Machines Corp. (-10.80%) and Analog Devices, Inc. (-4.54%). Overall, the methodology has performed very well for the second quarter and will continue to seek high quality dividend paying companies that can provide solid performance over the long term.

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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.*

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Steward Funds – A Peek into our Values-Based Screening Process

June 30, 2017

Amazon.com, Inc.: An example of an actual Steward Fund screened company

The Steward Funds apply a comprehensive set of screens during the portfolio management process that allows investors to avoid owning securities in companies that choose to profit from businesses that are at odds with values-based investing.

One of the strict exclusionary Steward Funds screens is for companies involved in the business of pornography. Pornography has no well-defined, universal, consistent or measurable definition, so it tends to be highly subjective. However, the Steward Funds' Board of Directors took a strict approach in defining and screening for pornography, adopting a zero-tolerance policy on any company with revenue generated from it.

Interpretations of the Steward Fund guidelines toward pornography can encompass a lot of content (e.g., TV, video games, cable television, movies, books, magazines and more recently phone apps and streaming media). To capture these media producers, Capstone created logical and consistent parameters to quantify these activities in order to ensure holdings remained faithful to the Funds' investment guidelines.

One such parameter identifies companies producing media rated *TV-MA*, which indicates programming specifically designed to be viewed by adults. This used to be only a late-night cable TV event, but for today's streaming media producers, *TV-MA* is more mainstream. Companies producing original content rated *TV-MA* are excluded from investment by the Steward Funds. Amazon Studios is Amazon's (AMZN) production company and its *TV-MA* original productions include *Transparent*, *Bosch*, and *Hand of God*, among others. As such, Amazon.com, Inc. did not pass the strict Steward Funds parameters, and the Company is not a portfolio holding in any of the Steward Funds products.

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