1Q 2025 COMMENTARY

CROMWELL CENTERSQUARE REAL ESTATE FUND

Portfolio Manager Eric Rothman summarizes his thoughts on REITs' outperformance compared to the overall market in the first few months of the year and what could drive a continued rally. He also discusses the Fund's potential advantages.

Would you please discuss REITs' outperformance over the S&P 500 Index in the first few months of 2025?

In the wake of the tariff talks through the first quarter as well as the announcement of the White House's tariff plan, REITs have performed better than broader U.S. equities. Year-to-date through April 4, 2025 (two days after the tariff rate announcement), the FTSE Nareit All Equity REITs Index outperformed the S&P 500 Index by 900 basis points.

Investors gravitated to defensive sectors in Q1 and early April given the uncertain environment. Listed real estate (i.e. REITs) were stand-outs due to their durable income from long-duration leases, high quality assets, historically consistent cash flow growth, and attractive dividend yields. At the property level, REITs have averaged about 3% net operating income growth over the past 25 years. REITs' dividends have been well-covered and growing. In fact, year-to-date through March 31, 2025, there have been 20 dividend increase announcements with an average increase of 6.7%, on track with prior years.

A slowing economy and an uncertain business environment would normally prompt the Federal Reserve to cut interest rates. This would be a positive for interest-rate sensitive stocks including REITs. We would expect the Fed to act in such a scenario, but caution that its flexibility to act proactively could be limited if inflation resurfaces.

What sub-sectors of REITs performed well in the first quarter and which ones lagged?

Not surprisingly, the areas of REITs that performed the best were those that can perform well in a slowing economic and declining rate environment. Sectors with less sensitivity to the economy, including cell phone towers, health care and net-lease REITs were the best performers during the period. Conversely, the areas of publicly traded real estate that fared less favorably include hotels, offices and data centers, which are often more sensitive to the economic situation.

Notably, the decline in many mega-cap technology-oriented stocks has negatively affected data center REITs. News of DeepSeek's less expensive and better artificial intelligence (AI) technology had investors questioning the

CROMWELL FUNDS

CLASS	INCEPTION	TICKER
Institutional	2/24/17	MRASX
Investor	12/31/97	MRESX

Fund Facts

Specialty: **Real Estate**

Fund AUM: **$100.9 million**

Holdings: **53**

Sub-Advisor

CenterSquare
REAL ASSET INVESTMENT LEADERSHIP

CenterSquare Investment Management, the Fund's sub-advisor, is a management-owned firm specializing in real estate strategies, with $13 billion in assets as of 3/31/25 and approximately 100 employees in 5 offices throughout the world. The Fund's portfolio managers have managed the Fund since 2006.

PORTFOLIO MANAGERS

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necessity of spending billions of dollars on building new data centers. Despite the negative sentiment, we believe, over time, leasing levels will grow along with rental rates, which should alleviate fears.

How could REITs' outperformance continue in 2025?

The current environment looks positive for REITs given the following:

1. **Defensive positioning.** Investors could potentially continue to invest in defensive sectors including real estate if uncertainty continues.
2. **REITs' rising earnings growth potential.** We believe the earnings growth rate bottomed in 2024. After lapping a post-COVID surge in growth and the accumulated impact of higher interest rates, future REIT earnings growth should trend back to normal historical levels. The consensus earnings growth rate for 2025 is higher than it was in 2024, and it is expected to further accelerate in 2026.
3. **The "Goldilocks" interest rate zone.** The 10-year U.S. Treasury yield has remained above 4% since last fall and could remain at this level for the foreseeable future. Historically when the U.S. 10-year Treasury yields have been in the 4-5% range, REITs have historically outperformed broader U.S. equities.

What potential advantages does the Cromwell CenterSquare Real Estate Fund offer to investors?

The Fund offers investors access to an institutional REIT manager in a mutual fund format. With 35 years of real estate investment experience, roughly 100 employees, and over 150 institutional relationships (state and corporate retirement plans, endowments, sovereign wealth funds, etc.), CenterSquare is at the forefront of real estate investment. We believe this experience has benefited shareholders.

Less Risk Relative to Morningstar Peers

Standard Deviation as of 3/31/25

	3 YR	5 YR	10 YR
Fund (MRESX)	**20.65**	**19.30**	**17.48**
Morningstar Real Estate Category Average	20.89	19.73	18.37

Source: Morningstar. **Past performance does not guarantee future results.**

About Cromwell Funds

Headquartered in Baltimore, MD, the Cromwell Funds provide Financial Advisors with high-quality, differentiated and actively managed strategies in a mutual fund format. The Funds are sub-advised by asset managers who have built a national reputation managing their investment strategies.

Cromwell Funds' Sub-Advisors:

- Aristotle Pacific Capital
- CenterSquare Investment Management
- Corbyn Investment Management
- Foresight Group
- Mutual of America Capital Management
- Tran Capital Management

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Investors should carefully consider the Fund's investment objectives, risks, charges and expenses before investing. For this and other information, please call 855.625.7333 or visit thecromwellfunds.com for a prospectus or summary prospectus. Read it carefully before investing or sending money.

Mutual fund investing involves risk. Principal loss is possible. The Fund is subject to special risk considerations similar to those associated with the direct ownership of real estate. Real estate valuations may be subject to factors such as changing general and local economic, financial, competitive, and environmental conditions. A greater percentage of the Fund's holdings may be focused in a smaller number of securities which may place the Fund at greater risk than a more diversified fund. Investing in initial public offerings (IPOs) is risky and the prices of stocks purchased in IPOs tend to fluctuate more widely than stocks of companies that have been publicly traded for a longer period of time. Stocks purchased in IPOs generally do not have a trading history, and information about the companies may be available for very limited periods. Market prices of investments held by the Fund may fall rapidly or unpredictably due to a variety of economic or political factors, market conditions, disasters or public health issues, or in response to events that affect particular industries or companies. Companies that are in similar industry sectors may be similarly affected by particular economic or market events; to the extent the Fund has substantial holdings within a particular sector, the risks associated with that sector increase.

The S&P 500 Index is a capitalization-weighted index of 500 stocks. The FTSE Nareit All Equity REITs Index is an index of U.S. equity REITs. Constituents include all tax-qualified REITs with more than 50% of total assets in qualifying real estate assets other than mortgages secured by real property. Indices are unmanaged, are not available for investment and do not incur expenses.

Basis points is one hundredth of one percent. Standard deviation is a measure of the dispersion of a set of data from its mean. Earnings growth is the annual compound annual growth rate (CAGR) of earnings from investments.

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