

CROMWELL TRAN SUSTAINABLE FOCUS FUND

Portfolio Managers Quoc Tran and Michael Im, CFA discuss this year's narrow market performance, how the Fund's holdings are positioned to grow in the face of higher interest rates, and their thoughts about the market and economy.

► Would you please share any insights you have on the 2023 market?

We would like to share several insights:

- 1. The market broadens out.** Stocks were resilient despite two regional wars, the collapse of several U.S. regional banks, and continued stress on commercial office buildings. The S&P 500's return was strong but narrow, led by seven mega-cap technology companies, or the "Magnificent Seven" (Apple, Microsoft, Alphabet, Amazon, NVIDIA, Meta and Tesla). In fact, these stocks contributed 21.6% of the market's 26.3% return for the full year.
- 2. Valuation matters.** While the overall S&P 500's price-to-earnings (P/E) is about 20x estimated earnings for 2024, if you exclude the Magnificent Seven, the P/E is closer to 18x. Many sectors are also selling at a discount to the market multiple, offering attractive buying opportunities.
- 3. Earnings growth drives stock prices.** Over time, we believe earnings growth is one of the most important factors that drive stock prices. With the Federal Reserve's tightening policy ending, company fundamentals should drive stock price appreciation. We see this as a strong set up for our portfolio, which consists of companies that are anticipated to grow earnings faster than the overall market. For 2024, our portfolio is expected to grow earnings 14% compared to the S&P 500's earnings growth of 12%.

Importantly, time in the market is more important than timing the market. As the market waxes and wanes, the Fund remains near fully invested and uses market fluctuations to capitalize on new opportunities.

► Would you please describe areas of the market that look promising for 2024?

With the Fed providing guidance for three potential rate cuts in 2024, what was a headwind for equities and bonds last year could turn into a tailwind. In this environment, we are most excited about the following areas of the market:

Technology – We believe companies with cloud infrastructure services such as Amazon and Microsoft should continue to benefit as artificial intelligence (AI) requires more intensive computing power.



CLASS	INCEPTION	TICKER
Investor	9/6/07	LIMAX
Institutional	9/6/07	LIMIX

Fund Facts

Asset Class: **Large Growth**

Net Assets: **\$31.6 million**

Benchmark: **S&P 500 Index**

Active Share: **80.0%**

Holdings: **26**

Sub-Advisor



Tran Capital Management is a research-driven, growth-oriented asset management firm with an ESG orientation. Founded in 1974, Lateef Investment Management, L.P., was the predecessor firm before Chief Investment Officer Quoc Tran and President Eric Winterhalter led a buyout.

PORTFOLIO MANAGERS



Quoc Tran
Chairman and Chief
Investment Officer



Michael Im, CFA
Co-Portfolio
Manager and Director
of Research

Health Care Services – Over the past 18 months as interest rates rose, biotechnology research and development funding declined. As lower rates reduce borrowing costs, a reopening of capital markets could be a tailwind for our biotech-related holdings including Danaher, IQVIA and Catalent.

Financials – As the U.S. transitions from a rate hiking cycle to a rate cutting cycle, we believe Financials will generally benefit. In particular, Charles Schwab could be a beneficiary as the large amount of cash balances could shift to other less interest rate sensitive investments.

Housing – Rising interest rates caused the housing sector to contract. As mortgage rates decline, housing starts are anticipated to pick up. A few portfolio holdings that could benefit include Martin Marietta, Sherwin-Williams and Ferguson.

We believe with a concentrated mix of holdings in these areas of the market, the Fund is well positioned for the 2024 environment.

► Would you please provide an example of a holding and how it fits your investment criteria?

Danaher Corp. is one of the Fund's top holdings and a long-term position. It is a leading provider of life science equipment and diagnostics solutions. Danaher's management has a terrific history of smart acquisitions and strategic spin-offs of slower growing segments.

In the nearly 10 years since we've owned it, Danaher has transformed from a global industrial conglomerate to one focused on life sciences and health care, raising its organic growth rate from low-to-mid-single digits to mid-single-digit-plus. In 2023, Danaher took another step in that direction by spinning off its more cyclical water quality and product identification businesses into Veralto.

Danaher now has the capacity to make another value-enhancing acquisition. With capital markets thawing, we wouldn't be surprised to hear from Danaher about a new purchase over the next one to two years.

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
- » Marketfield Asset 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. Read it carefully before investing or sending money.

Past performance is no guarantee of future results. Index performance is not indicative of fund performance. For current standardized performance of the Fund, please call 855.625.7333 or visit thecromwellfunds.com.

Mutual fund investing involves risk. Principal loss is possible. The Fund normally invests its assets in the common stocks of approximately 15 to 25 mid- and large-cap companies with a sustainable competitive advantage. In addition, the Fund may from time to time purchase a common stock that does not meet this criteria if, in the investment advisor's opinion, the stock represents a particularly attractive investment opportunity. While most assets will be invested in U.S. common stocks, other securities may also be purchased in keeping with the Fund's investment objectives. The Fund is non-diversified, which means that a significant portion of the Fund's assets may be invested in the securities of a single or small number of companies and/or in a more limited number of sectors than a diversified mutual fund. The Fund is subject to greater risk and could fluctuate in value more than other mutual funds diversified across a greater number of securities and industries. The Sub-Adviser's use of its ESG framework could cause it to perform differently compared to funds that do not have such a policy. The criteria related to this ESG framework may result in the Fund forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so, or selling securities for ESG reasons when it might be otherwise disadvantageous for it to do so.

Active Share measures the percentage of stock holdings in a fund that differ from a benchmark. ESG refers to environmental, social and corporate governance. Price to earnings (P/E) is the market price per share divided by earnings per share. The S&P 500 Index is a capitalization-weighted index of 500 stocks. An investment cannot be made directly into an index.

Earnings growth is not representative of the Fund's future performance. Stated growth rates are estimates and may not be realized. Data as of 12/31/23.

Holdings can be found [here](#). Fund holdings are subject to change and should not be considered recommendations to buy or sell any security. Current and future holdings are subject to risk.

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