

CROMWELL TRAN SUSTAINABLE FOCUS FUND

Portfolio Managers Quoc Tran and Michael Im discuss the factors that drove the market in 2022, portfolio changes including new holdings, and Fund valuation and growth metrics compared to the S&P 500 Index.

► What is your perspective on equities in the new year given the 2022 market?

Macroeconomic concerns contributed to a turbulent 2022 for equities and fixed income securities. Namely, persistently high inflation caused the Federal Reserve to implement seven interest rate increases, which was much more aggressive than the market expected, ultimately causing equity valuations to contract.

We believe a few negative macro factors are subsiding, including:

- » The Consumer Price Index - a measure of consumer prices on goods and services - peaked over the summer and by the end of the year, certain areas of the economy, such as new and used automobile prices were not rising as quickly as they were in 2021 and 2022.
- » It appears that higher rates are having the Fed's desired effect of reducing aggregate demand.
- » We believe supply chain disruptions have improved and returned to nearly normal levels.

Looking ahead, we believe companies' fundamentals including revenue growth, earnings growth and return on equity will be the primary drivers of stock prices in 2023.

► How does the portfolio compare to the overall market on a market capitalization, valuation and growth basis?

Heading into the new year, we are pleased with the positioning of the Cromwell Tran Sustainable Growth Fund. The Fund is set to grow more than two times faster than the market based on the 2023 earnings growth rate while trading at a discount. The Fund also has a higher return on equity compared to the S&P 500 as of the end of 2022.

Fund - More Growth Potential than the Overall Market

	Price to Earnings	Return on Equity	EPS Growth Rate	Weighted Avg. Market Capitalization
Fund	15.4x	24.4%	20.8%	\$250 billion
S&P 500	16.9x	19.3%	9.4%	\$419 billion

Source: Bloomberg, 2023 estimates. Earnings growth is not representative of the Fund's future performance.



Cromwell Tran Sustainable Focus Fund became the successor fund to the Tran Capital Focused Fund on August 8, 2022.

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

Fund Facts

Asset Class: **Large Growth**
 Net Assets: **\$35.9 million**
 Benchmark: **S&P 500 Index**
 Active Share: **87.7%**
 Holdings: **20**

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

▶ What changes were made to the portfolios to position them for the new year?

In the fourth quarter, several changes were made to the Fund to position the portfolio for the new year. We trimmed a few holdings including Amazon and Wells Fargo. Conversely, we added to some of our more defensive positions in which we continue to have high conviction, including Progressive Insurance, Sherwin-Williams, and Martin Marietta.

We also sold a few holdings such as Disney and Salesforce for company-specific reasons. In a weakening consumer environment, Disney's exposure to discretionary spending in the parks and on the cruises may cause a decline in in-park spending. Salesforce may experience a slowdown in some of its client base and recently announced the surprise departure of the Co-CEO which warranted a reevaluation.

▶ What companies were added to the portfolio over the past quarter?

We have been finding several high-quality businesses we believe are selling at significant discounts to their intrinsic value, including the following companies that provide essential services while increasing their efficiencies for their customers, making them resilient in various economic cycles.

Verra Mobility has three business segments that revolve around tolling solutions for rental cars and fleet management companies, speed safety cameras and parking solutions for municipalities and universities. In each segment, Verra has a large market share with little competition and high barriers to entry. The company also has a very high renewal rate and many long-term government contracts. Verra also fits our Environmental, Social, and Governance (ESG) guidelines as its products have been shown to significantly reduce traffic accidents and fatalities.

Ferguson is a leading plumbing distributor in the U.S. and Canada with historical growth above the overall market. The company has 1700 branches aggregating over 37,000 suppliers and selling to over 1 million contractors or trade professionals in the U.S. and Canada. Ferguson specializes in providing high-quality expertise and customer service in plumbing, waterworks, heating, ventilation and air conditioning, and other industrial-end markets. Their extensive product portfolio has quick and convenient logistics and deep relationships with the local contractors.

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.

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-Advisor'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. Return on Equity measures a company's profitability and represents the average return on equity on the securities in the portfolio. Earnings per Share (EPS) is the portion of a company's profit for each outstanding share and is an indicator of a company's profitability. The S&P 500 Index is a capitalization-weighted index of 500 stocks. An investment cannot be made directly into an index.

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.

Cromwell Funds distributed by Foreside Fund Services, LLC.

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:

- » CenterSquare Investment Management
- » Marketfield Asset Management
- » Tran Capital Management

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