

CROMWELL LONG SHORT FUND

The Portfolio Managers discuss the factors driving market performance, how higher interest rates are influencing the Fund's portfolio positioning, and opportunities across the long and short portfolios.

► Would you please summarize the key factors driving the U.S. equity market during the third quarter?

The S&P 500 gained approximately 2.3% during the third quarter, although with considerable dispersion beneath the surface as the S&P 500 Equal Weight and Russell 2000 Indices declined approximately 2% and more than 7%, respectively.

The Federal Reserve raised interest rates, and the 10-year Treasury yield climbed above 5%, putting pressure on interest rate-sensitive sectors. At the same time, the artificial intelligence (AI) trade lost some momentum following a strong first half, with semiconductor equipment stocks declining significantly from their June peaks. Oil prices also remained elevated amid ongoing geopolitical tensions.

We believe the combination of market concentration, greater dispersion in stock returns, and higher interest rates creates a more favorable environment for our long/short strategy. With a handful of AI-related mega-cap stocks driving much of the S&P 500 Index's performance, we believe there is growing value in identifying high-quality companies to own while avoiding or shorting those with weaker fundamentals. This disciplined approach to stock selection is central to the Fund's strategy.

► Why do rising rates make financial strength and valuations more important?

As rates rise, a company's financial strength becomes increasingly important. We believe the Fund is well positioned in this environment, as our long holdings have less leverage while our short positions carry high levels of debt. As of September 30, 2026, the Fund's long book had average net debt to EBITDA of approximately 0.4 times, compared with 1.0 times for the S&P 500 and approximately 2.9 times for the short holdings. We believe the stronger balance sheets of our long positions provide greater financial flexibility, while higher borrowing costs put additional pressure on the more leveraged companies in our short portfolio.

Greater emphasis on company quality and valuations bodes well for active stock pickers. In such an environment, disciplined fundamental research and security selection can be rewarded on both sides of the portfolio.



CLASS	INCEPTION	TICKER
Investor	10/5/12	MFADX
Institutional	7/31/07	MFLDX

Fund Facts

Asset Class: **Long/Short Equity**

Net Assets: **\$91.7 million**

Benchmark: **Russell 1000 Index**

Long Equity Securities: **94**

Short Equity Securities: **73**

Portfolio Allocation

Equity Long: **98.9%**

Equity Short: **-14.7%**

Sub-Advisor



Mutual of America Capital Management takes a disciplined, consistent approach with a long-term investment focus. With \$32 billion in assets as of 9/30/26, its portfolios are managed with a common goal—to provide investors with attractive returns over time while being mindful of risk.

PORTFOLIO MANAGER



Joseph R. Gaffoglio,
CFA

Portfolio Manager



Thaddeus Pollock,
CFA, CAIA

Portfolio Manager



Jamie Zendel, FRM

Portfolio Manager

► Where are you finding opportunities across the Fund's long portfolio?

We see attractive opportunities in AI infrastructure companies providing essential equipment, cooling systems, power solutions, and testing technology. Despite the recent pullback in valuations, underlying demand and order backlogs remain strong. Select software companies benefiting from growing AI adoption, payment networks supporting transactions between AI agents, and life sciences tools companies benefiting from recovering research budgets and growing use of AI in drug development are also appealing.

While we are positive on the long-term AI investment cycle, we balance the portfolio's AI exposure by pairing AI infrastructure longs with short positions in speculative AI-related companies. Our objective is to participate in AI-related growth without becoming overly dependent on a single investment theme.

In the Energy sector, we favor refiners and integrated producers benefiting from wide refining margins and elevated oil prices.

► What themes are creating opportunities on the short side of the portfolio?

We are finding opportunities among consumer-oriented companies facing weakening demand, declining pricing power, and operational challenges. Higher interest rates are also weighing on housing-related businesses, while companies with elevated leverage face growing refinancing pressures.

We are particularly focused on businesses where deteriorating fundamentals, poor capital allocation decisions, or elevated valuations are not fully reflected in share prices.

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
- » Corbyn Investment Management
- » Guinness Global Investors
- » 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.

Past performance does not guarantee future results.

Mutual fund investing involves risk. Principal loss is possible. The Fund regularly makes short sales of securities, which involves the risk that losses may exceed the original amount invested. Investing in smaller companies involves special risks, including higher volatility and lower liquidity. Investing in mid-cap stocks may carry more risk than investing in stocks of larger, more well-established companies. There can be no guarantee that any strategy (risk management or otherwise) will be successful.

Click [here](#) for a glossary of terms and indices.

Opinions expressed are those of the author and are subject to change, are not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

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