

CROMWELL TRAN FOCUS FUND

Portfolio Managers Quoc Tran and Michael Im, CFA, discuss why mid-cap stocks present a compelling opportunity and how the Fund is selectively positioned to capture a potential broadening of market leadership.

▶ The Fund's mandate allows for the purchase of mid- and large-cap stocks based on relative opportunity. What makes mid-caps a compelling allocation today despite recent large-cap dominance?

Over the past 30 years from 1996 through 2025, the Russell Midcap Index has delivered results that nearly mirror the S&P 500 Index—roughly 10% annualized. However, over the past decade large-caps significantly outpaced their mid-cap peers, while in the two decades before this run, mid-caps outperformed, supported by longer growth runways and more reasonable valuations. After an extended stretch of mid-caps lagging, the case for mean reversion strengthens. Even if mid-caps simply match the S&P 500 going forward, it could be a strong outcome; if leadership rotates, the upside for mid-caps could be even better. For allocators, this is a powerful, timely case to add mid-cap exposure to portfolios now.

In addition, today's S&P 500 is highly concentrated, with the top 10 stocks comprising approximately 40% of the Index's weight, versus less than 6% for the top 10 holdings in the Russell Midcap Index. That concentration is magnified by sector exposure—about a third of the S&P 500 is in technology—and communication-heavy areas. Also, it's not just weighting; in the last three years, roughly 40% to 60% of S&P returns have come from the mega-cap giants. When so much of the market's weighting and return is coming from so few names, the bar for "continued dominance" gets higher. Therefore, mid-cap stocks don't need these large-caps to experience a sharp reversal; they have the potential to outperform simply through a catch-up phase if leadership broadens.

▶ How is the Fund taking advantage of this mid-cap opportunity?

The Fund has purchased several new positions that have market capitalizations between \$4 billion and \$65 billion, including cosmetics company, e.l.f. Beauty, and electrical and logistics provider, Wesco International. Another new purchase is International Flavors & Fragrances (IFF), a \$17 billion company that makes the ingredients used in flavors and fragrances for food, beverages, and personal care products. IFF maintains a #1 or #2 position in most of its product categories. Past acquisitions have not been as successful as anticipated and increased debt levels, but new management is restructuring the company by selling weaker divisions, paying down debt, and refocusing on the core business. At 14x 2027 price-to-earnings, the stock appears inexpensive versus peers' 20x, growth has been steady, and the turnaround creates attractive upside potential over time.



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

Fund Facts

Asset Class: **Large Growth**

Net Assets: **\$24.5 million**

Benchmark: **S&P 500 Index**

Active Share: **90.8%**

Holdings: **27**

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

IFF is an example of a high-quality company that has largely flown under the radar as investor attention has remained concentrated in large-cap technology stocks.

► **How do valuations and growth metrics of the Fund look relative to the S&P 500 and Russell Midcap Indices?**

We seek to invest in companies that exhibit faster sales growth and higher quality, as measured by above-average return-on-equity (ROE) relative to both broad market indices. This focus reflects our belief that long-term investment success is driven by businesses with sustainable competitive advantages, durable growth trajectories, and disciplined capital allocation. By emphasizing companies with superior sales momentum and high ROE, we aim to capture long-term appreciation potential while anchoring our portfolio in fundamentally strong franchises that can compound value over time.

	Fund*	S&P 500	Russell Midcap
2026 Sales Growth	16.3%	7.1%	5.6%
ROE	23.0%	19.9%	13.8%

* CoStar Group (CSGP) is not included in this metric. We do not believe P/E is a relevant metric. Fair Isaac (FICO) is not included in this metric. FICO has a negative book value due to buybacks. QXO is not included in this metric. The Company acquired a new business mid-year 2025, making comparables not relevant.

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
- » 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. 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.

Forward price-to-earnings values a company’s current share price relative to its forecasted earnings per share. Active Share measures the percentage of stock holdings in a fund that differ from a benchmark. Return on Equity (ROE) is a profitability metric showing how much profit a company generates. The S&P 500 Index is a capitalization-weighted index of 500 stocks. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe, is a subset of the Russell 1000 Index, and includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. 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.

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