SEPTEMBER 2024 COMMENTARY

CROMWELL SUSTAINABLE BALANCED FUND

The Fund's Portfolio Managers discuss the equity and fixed income markets, including anticipated interest rate decreases and how the portfolio is positioned to capture appreciation.

EQUITY ALLOCATION

Quoc Tran
Chairman and Chief Investment Officer

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

TCM
TRAN CAPITAL MANAGEMENT

Would you please discuss how the market broadened in the third quarter of 2024?

Over the past two years, the Federal Reserve had been aggressively raising rates, which hurt many companies' ability to borrow at low rates, resulting in potentially slower growth. As a result, there seemed to be a "flight to safety" with investors choosing a few large technology companies with healthy balance sheets and strong growth profiles. Accordingly, a handful of mega-cap growth tech companies dominated the market from a performance perspective.

Since July, the market has been showing signs of broadening out beyond these technology companies. With a widely anticipated rate cut in September, the Fed appears to be at the beginning of a rate-cutting cycle that may last six to 12 months. Given this favorable rate environment, we believe stock prices will rise among a broader group of companies in various other industries beyond the Technology sector.

Please provide examples of holdings that may benefit in an accommodative rate environment.

We believe more rate-sensitive companies such as those in the home building and home improvement industries could benefit following rate cuts. Portfolio examples include DR Horton, U.S.'s largest homebuilder, Sherwin-Williams, a paint and coating manufacturer, and Ferguson, a leading HVAC and plumbing company.

With the average home in the U.S. over 42 years old, the home improvement industry should continue to grow. In addition, lower interest rates should also help to accelerate the number of home remodeling and upgrade projects.

How might the portfolio stand to benefit from the recent attention surrounding artificial intelligence?

We believe the next technology wave will be driven by widespread application of advances in artificial intelligence (AI). To potentially benefit from the growth of AI, the Fund holds multiple infrastructure and hardware companies, companies that foster the development of AI and

CROMWELL
FUNDS

CLASS	INCEPTION	TICKER
Institutional	12/29/23	CSBIX

Fund Facts

Asset Class: **Moderate Allocation**

Blended Benchmark: **60% S&P 500 Index | 40% Bloomberg US Aggregate Bond Index**

Holdings: **46**

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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generative models, and providers of applications and services companies. As of June 30, 2024, nearly 50% of the equity portfolio could directly benefit from AI-related investments and the development of new AI applications whereas the other 50% should be able to benefit from AI advances in their normal course of operations.

FIXED INCOME

David Weismiller, CFA
Senior Managing Director and Portfolio Manager

Ying Qiu, CFA
Managing Director and Portfolio Manager

ARISTOTLE PACIFIC CAPITAL

Would you please discuss your approach to building the fixed income portfolio? What makes the fixed income holdings sustainable?

Our focus for the fixed income portfolio is on investment grade debt securities, including corporate bonds, mortgage-related securities, asset-backed securities, debt securities issued by the U.S. government or its related agencies and U.S. dollar-denominated debt securities issued by developed foreign governments and corporations.

In terms of sustainability, we generally exclude areas that may increase portfolio risk, avoiding companies producing tobacco, controversial military weapons or thermal coal as well as those companies with serious human rights violations, severe environmental damage, or gross corruption.

Would you please discuss your expectations for rate cuts?

The Federal Reserve has been very data dependent; therefore, we believe until inflation declines further or unemployment rises, the Fed may not take significant action on the Fed Funds rate. At the beginning of 2024, the bond market was expecting significant cuts which have not happened. Now, expectations for cuts have again risen. While the market expects the Fed to raise rates approximately 100 basis points by the end of the year, we would anticipate a more gradual approach throughout the rate normalization process, with roughly a 25-basis point cut per meeting.

How is the fixed income portfolio positioned?

Broadly speaking, although overall corporate risk is not concerning, given current valuations, the portfolio is more defensively positioned and we are cautiously investing in select corporate bonds. We plan to wait for opportunities, some of which could be in the new issue market over the next few months. Typically September tends to be one of the busiest months for issuance. We also expect another bout of volatility, which could provide another opportunity to buy bonds at a more attractive spread.

Specifically, triple-B rated bonds is an area of the market where we are finding opportunities, including select retail real estate investment trusts that have been under pressure. We believe triple-B bonds offer an attractive risk/reward profile and additional spread.

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. Each Sub-Advisor's use of its respective Environmental, Social, and Governance (ESG) criteria could cause the Fund to perform differently compared to funds that do not have such policies. 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. There is no assurance that employing ESG and Sustainable strategies will result in more favorable investment performance. The value of debt instruments may fall when interest rates rise. Debt instruments with longer durations tend to be more sensitive to changes in interest rates, making them more volatile than debt instruments with shorter durations or floating or adjustable interest rates. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. The Fund is new with no operating history, and there can be no assurance the Fund will grow to or maintain an economically viable size, in which case the Board of Trustees may determine to liquidate the Fund.

Bond ratings are grades given to bonds that indicate their credit quality as determined by private independent rating services such as Standard & Poor's, Moody's and Fitch. These firms evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from `AAA', which is the highest grade, to `D', which is the lowest grade.

Fund holdings and/or sector allocations are subject to change at anytime and are not recommendations to buy or sell any security. Click here to view the Fund's holdings.

The S&P 500 Index is a capitalization-weighted index of 500 stocks. The Bloomberg U.S. Aggregate Bond Index a broad base bond market index representing intermediate term investment grade bonds traded in the U.S. An investment cannot be made directly into an index.

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