

# CROMWELL CENTERSQUARE REAL ESTATE FUND

REITs outperformed the broader market in the first quarter of 2026. Portfolio Manager Eric Rothman discusses the drivers of performance, including improving rate stability, attractive valuations, and rotation into value sectors, as well as where he is seeing opportunities in public real estate.

## ► The FTSE Nareit All Equity REITs Index rose nearly 4% in the first quarter of 2026 compared to -4% for the S&P 500. What drove this outperformance?

REIT outperformance in early 2026 reflects a combination of improving fundamentals, attractive valuations, and a shift in market leadership. After several years of lagging broader equities, REITs entered the year trading at a meaningful discount to the S&P 500, setting up a catch-up opportunity as that gap began to narrow.

At the same time, market leadership has broadened beyond technology and AI-oriented investments into more value-oriented and income-generating sectors. In a more volatile market environment, investors have also gravitated toward REITs for their defensive characteristics, stable cash flows, and dividend income. Strong underlying property fundamentals and resilient operating performance have further supported returns, allowing REITs to outperform the broader market during the quarter.

## ► How should Advisors think about REITs in the current environment?

Advisors should view REITs more constructively in the current environment, particularly as interest rate dynamics have shifted. While REITs are sensitive to rate sentiment, the stability of rates matters more than the absolute level of rates. As of March 31, 2026, the 10-year Treasury rate was approximately 4.3%, near its long-term historical average, and has remained relatively stable in recent months. The shift toward a more stable rate environment marks a significant improvement from the volatility and rapid increases seen during the prior hiking cycle, which weighed on REIT performance.

With expectations for modest Federal Reserve rate cuts in 2026 and a more benign outlook, sentiment toward REITs has improved. After several years of underperformance, REITs now trade at a notable valuation discount relative to broader equities. We believe this combination of stable rates, improving sentiment, and attractive relative valuations creates a more supportive backdrop for REITs going forward.



| CLASS         | INCEPTION | TICKER |
|---------------|-----------|--------|
| Institutional | 2/24/17   | MRASX  |
| Investor      | 12/31/97  | MRESX  |

## Fund Facts

Specialty: **Real Estate**

Fund AUM: **\$87.7 million**

Holdings: **58**

## Sub-Advisor



CenterSquare Investment Management, the Fund's sub-advisor, is a management-owned firm specializing in real estate strategies, with \$14 billion in assets as of 12/31/25 and approximately 100 employees in 5 offices throughout the world. The Fund's portfolio managers have managed the Fund since 2006.

## PORTFOLIO MANAGERS



**Dean Frankel, CFA**  
Managing Director  
Head of Real Estate Securities



**Eric Rothman, CFA**  
Portfolio Manager  
Real Estate Securities

## ► How have AI developments affected REITs?

AI is creating a significant opportunity for REITs, particularly through the massive buildout of data centers, one of the largest investment cycles in history. Data centers, a key segment of the REIT market, are seeing strong demand, robust leasing activity, and favorable fundamentals. In contrast, the office sector faces a more nuanced impact. While fears that AI could reduce white-collar jobs have pressured sentiment, especially in office REITs, AI companies themselves, particularly in tech hubs in San Francisco, are actively leasing new space, creating a counterbalancing source of demand.

Beyond these areas, AI's impact on most REIT sectors is limited. Residential housing remains essential, supporting apartment demand, while healthcare and senior housing face little direct disruption. Retail properties also remain relevant as consumers continue to shop in physical locations.

## ► Where are you seeing opportunity in REITs?

We are particularly constructive on Healthcare REITs, with a focus on Senior Housing. Demographic trends are highly supportive, with more than 10,000 baby boomers in the U.S. estimated to turn 80 every day from 2026 through 2044, a key stage for transitioning into these facilities. At the same time, new supply has been limited for several years, while occupancy is recovering following post-Covid softness and rents are beginning to rise. Operators also benefit from stable access to capital, enabling external growth and reinforcing a favorable cycle of improving cash flow and operations.

We also see compelling opportunities in open-air shopping centers. Despite persistent concerns about e-commerce, these assets remain essential for service-oriented and convenience-based retail. Supply has been extremely constrained, occupancies are near record highs, and tenant demand is strong. In addition, retailers are increasingly leveraging omni-channel strategies to drive foot traffic, supporting resilient fundamentals and durable earnings growth.

***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](http://thecromwellfunds.com) for a prospectus or summary prospectus. Read it carefully before investing or sending money.***

Mutual fund investing involves risk. Principal loss is possible. The Fund is subject to special risk considerations similar to those associated with the direct ownership of real estate. Real estate valuations may be subject to factors such as changing general and local economic, financial, competitive, and environmental conditions. A greater percentage of the Fund's holdings may be focused in a smaller number of securities which may place the Fund at greater risk than a more diversified fund. Investing in initial public offerings (IPOs) is risky and the prices of stocks purchased in IPOs tend to fluctuate more widely than stocks of companies that have been publicly traded for a longer period of time. Stocks purchased in IPOs generally do not have a trading history, and information about the companies may be available for very limited periods. Market prices of investments held by the Fund may fall rapidly or unpredictably due to a variety of economic or political factors, market conditions, disasters or public health issues, or in response to events that affect particular industries or companies. Companies that are in similar industry sectors may be similarly affected by particular economic or market events; to the extent the Fund has substantial holdings within a particular sector, the risks associated with that sector increase.

The FTSE Nareit All Equity REITs Index is an index of U.S. equity REITs. Constituents include all tax-qualified REITs with more than 50% of total assets in qualifying real estate assets other than mortgages secured by real property. The S&P 500 Index is a capitalization-weighted index of 500 stocks. Indices are unmanaged, are not available for investment and do not incur expenses.

Earnings growth is the annual compound annual growth rate (CAGR) of earnings from investments.

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
- » Corbyn Investment Management
- » Foresight Group
- » Mutual of America Capital Management
- » Tran Capital Management

## Contact Us

888.844.4110

[advisors@thecromwellfunds.com](mailto:advisors@thecromwellfunds.com)

**[thecromwellfunds.com](http://thecromwellfunds.com)**