

# CROMWELL MARKETFIELD L/S FUND

Portfolio Managers Michael Aronstein and Michael Shaoul, Ph.D. take a macro view of the world to identify global investments most affected by large scale, external economic forces. The commentary elaborates on the execution of this strategy.

## What is your current outlook on inflation in a rising rate environment?

While market expectations have adjusted to the Federal Reserve's take on the number and magnitude of interest rate increases, in our view, neither action will result in the U.S. inflation rate returning to a more acceptable level of 3% or less in the short run. We believe we will continue to see elevated inflation, much higher than consensus expectations, over the next few years, while interest rates remain relatively low.

The prices of many goods are moving higher and at a much faster pace. In fact, the current inflation rate of 7.9% is the highest we have seen since the early 1980s. The durable aspects of inflation including wages and house prices show little-to-no sign of relenting. For example, in single- and multi-family housing, demand remains strong and costs continue to rise. Further, the Consumer Price Index (CPI) is starting to look similar to the 1973-1974 spike that reached over 12% before falling back sharply as the economy struggled.

Every rate hike cycle is distinct as they are provoked by different issues. For example, during the 1970s, the Fed raised the federal funds rate from 9% to 11%, which primarily drove the deterioration of economic activity. Rates at that level do not seem plausible today, even if rates rise 200 to 300 basis points from a low starting point, which means a different economic path should be expected.

As rates continue to lag inflation, it could disrupt real economic activity and the financial markets in the months ahead, creating a large transition in stock leadership. While the length of this current trend is unknown, we believe investors should expect the unexpected in 2022 and 2023. Therefore, it is likely worthwhile to reevaluate portfolio allocations to reflect this expected market rotation.

## How have you positioned the portfolio from an offensive and defensive perspective?

With the Fund's flexibility to be long and short across many investments, we have maintained a long portfolio in investments that we believe will benefit from sustained higher commodity prices. These include the Fund's positions in the energy sector, industrials, precious metals, and agriculture. With the ongoing inflationary trend, we used periods of weakness in commodities to add to positions in Energy holdings and other commodity-related companies at the end of 2021 and in the first quarter of 2022. As it pertains to the short book, we added to existing positions to increase our short positions in software and other areas that looked vulnerable.



*Cromwell Marketfield L/S Fund became the successor fund to the Marketfield Fund on 3/14/22.*

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

## Fund Facts

Asset Class: **Long/Short Equity**

Net Assets: **\$154.0 million**

Benchmark: **S&P 500 Index**

Holdings: **46**

## Portfolio Allocation

Equity Long: **85.9%**

Equity Short: **-22.7%**

*Excludes cash. The change in options are not reflected.*

## Sub-Advisor



Founded in 2007 by Michael Aronstein and Michael Shaoul, Marketfield Asset Management is an independently owned firm headquartered in New York City.

## PORTFOLIO MANAGERS



**Michael C. Aronstein**  
President, CIO and  
Portfolio Manager



**Michael Shaoul, Ph.D.**  
Chairman, CEO and  
Portfolio Manager

At the end of 2021, our net exposure was in the high 60% and reached a low of about 55% at the end of January 2022. As of March 31, 2022, our net exposure has increased to 64%.

## How can the Cromwell Marketfield L/S Fund be used in an investor's asset allocation?

Volatility returned to the equity market over the first quarter of 2022, and as a result, many investors may be looking to reduce risk levels in their overall portfolio. In addition, with the strength in technology stocks over the past several years, many investors may have underweight positions in materials, energy and industrials

For conservative-minded investors, the Cromwell Marketfield L/S Fund may be used a complement to a core equity portfolio. The long and short portfolios are designed to both participate in equity markets with potentially lower volatility.

Over the 3-, 5- and 10-year periods ended March 31, 2022, the Fund provided at least 20% less risk than the S&P 500 Index, as measured by standard deviation.

### The Fund Had a Lower Standard Deviation Over all Time Periods

	3 YR	5 YR	10 YR
Fund (Institutional Class)	14.09	12.57	10.13
S&P 500 Index	17.76	15.78	13.24
% Difference	20.7%	20.4%	23.5%

Source: Morningstar

**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. Read it carefully before investing or sending money.**

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. The Fund may also use options and futures contracts, which have the risks of unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of securities prices, interest rates, and currency exchange rates. However, a mutual fund investor's risk is limited to the amount invested in a fund. Investments in absolute return strategies are not intended to outperform stocks and bonds during strong market rallies. Investing in ETFs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of the shares may trade at a discount to its net asset value (NAV), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a Funds ability to sell its shares.

Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. These risks may be greater for emerging markets. 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. This risk is usually greater for longer-term debt securities. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Investments in asset-backed and mortgage-backed securities involve additional risks such as credit risk, prepayment risk, possible illiquidity and default, and increased susceptibility to adverse economic developments. The Fund involves the risk that the macroeconomic trends identified by portfolio management will not come to fruition and their advantageous duration may not last as long as portfolio management forecasts. The Fund may invest in derivatives, which may increase the volatility of the Fund's NAV and may result in a loss to the Fund.

Basis points is one hundredth of one percent. The Consumer Price Index (CPI) measures the average change in prices over time that consumers pay for a basket of goods and services. The term federal funds rate refers to the target interest rate set by the Federal Open Market Committee. Standard deviation is a statistical measure of historical volatility.

The S&P 500 Index is a capitalization-weighted index of 500 stocks. An investment cannot be made directly into an index.

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.

## Contact Us

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