3Q 2025 COMMENTARY

CROMWELL TRAN FOCUS FUND

Portfolio Managers Quoc Tran and Michael Im, CFA, discuss their three-step process during periods of heightened market volatility, a new holding in the Fund, and current investment themes.

How would you describe the equity markets in the third quarter?

It has been a remarkable year for markets, marked by sharp swings and notable policy-driven shifts. Stocks have recovered strongly since April when President Trump rattled markets with his tariff announcements. The S&P 500 Index was up about 8% in the third quarter and nearly 15% year-to-date through September 30, 2025. Stocks in the Technology and Communication Services sectors continue to dominate, driving much of 2025's gains so far.

We believe policy developments have played an important role. Trump's tariffs were designed both to establish reciprocity in trade and to spur onshoring. While initially disruptive, these moves are now fueling a powerful domestic investment cycle. Companies such as Apple, OpenAI, Pfizer, and Lilly have announced significant capital expenditures, contributing to an estimated $1 trillion in U.S. onshoring. These projects not only support corporate growth but may also ripple through local economies, multiplying their economic impact. Historically, every dollar invested circulates two to three times within the economy.

The scale of this private-sector capital expenditures dwarfs prior federal initiatives such as the Infrastructure Act and Inflation Reduction Act, which were impactful but smaller in size. Unlike taxpayer-funded stimulus, this wave is driven by corporate investment, particularly in technology and manufacturing.

What other developments could shape market trends going forward?

Alongside the strong domestic investment cycle, potential deregulation in areas such as energy and housing, combined with an expected Federal Reserve rate-cutting cycle, could provide additional support to the market. Historically, when the Fed initiates rate cuts, the equity market has risen about 15% over the following 12 months. Additionally, with approximately $7.5 trillion sitting in money-market funds, a significant portion could flow back into equities, providing substantial upward momentum for the stock market.

Overall, the setup for late 2025 and beyond appears robust, underpinned by powerful structural and policy tailwinds. Beneficiaries of this environment could include Technology, Communication Services, and housing-related industries, while more defensive sectors such as Consumer Staples may lag.

We believe the Fund is positioned well for this type of environment.

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

Fund Facts

Asset Class: **Large Growth**
Net Assets: **$28.1 million**
Benchmark: **S&P 500 Index**
Active Share: **78.6%**
Holdings: **28**

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

With AI-driven enthusiasm driving the performance of many stocks, how do you identify the likely winners and losers?

Today's tech wave—driven by artificial intelligence (AI)—is supported by real demand and profitability, making it fundamentally different from the speculative environment of the dot-com bubble of 2000. During the dot-com boom, many companies lacked earnings, and a heavy level of debt and little to no cash flow made them highly vulnerable. Today's technology leaders are very different: companies such as NVIDIA and Taiwan Semiconductor Manufacturing Company have strong earnings, robust revenues, and chips in high demand, far exceeding current production capacity. Also, NVIDIA, for example, trades around 26–27 times forward earnings, roughly the same multiple as when we purchased the stock in 2024, reflecting earnings growth rather than speculative hype.

While some AI-adjacent companies with little or no revenue have recently experienced rapid 20–30% increases in their stock prices, we remain focused on firms that can benefit from the growth of AI with measurable earnings and cash flow.

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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