

CROMWELL TRAN SUSTAINABLE FOCUS FUND

Portfolio Managers Quoc Tran and Michael Im, CFA discuss the equity market in the first half of 2024, how the Fund could potentially benefit from the growth of artificial intelligence, and the investment case for high-quality, growth-oriented companies.

▶ With your focus on large growth companies, please provide your perspective on the market in the first half of 2024.

Market returns in the first two quarters of the year were strong as the S&P 500 Index rose 15%. The Index's market-weighted returns continue to be narrow, led by the "FAANG" technology companies—Facebook (META), Amazon (AMZN), Apple (AAPL), Netflix (NFLX) and Alphabet (GOOG)—plus NVIDIA (NVDA). By comparison, the S&P Equal Weight Index, where each constituent is equally weighted, increased only 5%.

However, we see many reasons for the bull market to continue:

- 1. The investment phase in artificial intelligence (AI) may be only in the beginning stages and may last five to 10 years.** Based on historical growth cycles in semiconductors, for every capital expenditure dollar invested in semiconductors, there is usually a \$2 to \$3 investment in software.
- 2. The U.S. economy continues to be strong** and inflation appears to be abating. Consensus calls for only one or two rate cuts this year whereas at the beginning of the year, 5-6 rate cuts were expected.
- 3. Market valuations appear reasonable**, with the exception of the FAANG stocks and NVIDIA. Excluding these higher valuation companies, the 2025 price-to-earnings (P/E) for the S&P 500 was only 16.5x as of 6/30/24. By comparison, the Index's historical P/E over the past 10 years has been approximately 18x.

As long as earnings continue to grow, there appears to be plenty of room for stock prices to expand through year end and into 2025.

▶ What is the Fund's exposure to AI?

Over the past several months, our appreciation for this next technology wave driven by AI has grown. For some time, the Fund has held multiple infrastructure and hardware companies, companies that foster the development of AI and generative models, and providers of applications and services companies. In 2024, we further increased the portfolio's exposure to the advances of AI with the additions of Taiwan Semiconductor Manufacturing, a "picks and shovel" provider to the growing semiconductor industry, and NVIDIA.



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

Fund Facts

Asset Class: **Large Growth**
 Net Assets: **\$33.0 million**
 Benchmark: **S&P 500 Index**
 Active Share: **75%**
 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

As a result, as of the end of the second quarter, about 15% of the Fund had exposure to semiconductors and we believe nearly 50% of our portfolio could benefit from AI-related investments and the development of new AI applications.

We believe the current cycle bodes especially well for NVIDIA. Capital expenditures of technology companies such as Microsoft and Meta have been predominantly directed towards building out data centers capable of training AI models, which require NVIDIA's semiconductor chips. We expect the supply constraints to persist for the near future as NVIDIA is sold out of its chips through next year. In prior periods where there was a major technological shift, a leader often emerges that dominates the ecosystem. We believe NVIDIA has that opportunity with its combination of leading-edge graphics processing units and its CUDA (Compute Unified Device Architecture) software that enables developers to tap into the power of its chips.

▶ How does the Fund's growth projections compare to the overall market as we enter the second half of 2024?

With a focus on companies selling at an attractive valuation and providing healthy earnings growth, the Fund is projected to grow faster than the Index as measured on a return on equity, earnings growth and sales growth basis as of the end of the first half of 2024.

Fund – More Growth Potential than the Overall Market

	Return on Equity	2024 Earnings Growth Rate	2024 Sales Growth Rate
Fund	26.9%	16.6%	9.9%
S&P 500	17.9%	10.6%	5.4%

Source: Bloomberg, Earnings growth is not representative of the Fund's future performance. Stated growth rates are estimates and may not be realized. Data as of 6/30/24.

Past performance does not guarantee future results.

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-Advisor'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.

Active Share measures the percentage of stock holdings in a fund that differ from a benchmark. Earnings per Share is the portion of a company's profit for each outstanding share and is an indicator of a company's profitability. ESG refers to environmental, social and corporate governance. Forward price-to-earnings values a company's current share price relative to its forecasted earnings per share. Return on equity is a measure of a company's financial performance. It is calculated by dividing net income by shareholders' equity. Sales growth rate measures a company's ability to generate revenue through sales over a period of time. The S&P 500 Index is a capitalization-weighted index of 500 stocks. 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.

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:

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

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