



April 04, 2018

Dear Friends and Investors,

The following market overview for the month of March, 2018 has been produced by the Fund's Senior Portfolio Manager, Steven Goldman. We trust that you'll find it to be a worthwhile read.

In the ongoing effort to produce industry leading investment products and thought leadership, we place great value on the feedback and suggestions of our clients. Please don't hesitate to contact us directly with any comments or questions.

As always, we thank you for your continued interest in the USA Mutuals family of Funds.

Sincerely,

Michael N. Loukas  
President & CEO | USA Mutuals

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### Broad Market Performance

In the month of March, the Fund lost -3.06% versus -2.54 for the S&P 500. Performance YTD stands at -1.75%. and -.76% for the S&P respectively. We also saw the end of the S&P's 9 consecutive quarter winning streak in Q1.

### Market Commentary

A plethora of exogenous factors including news stories, tweets and White House missives were, at minimum, partial drivers for stock prices over the last few weeks of the month. Inflationary concerns and the VIX unwinding pressures from early February ebbed, while steel tariff concerns surfaced early in the month. However, succeeding weeks brought a gentler narrative regarding the steel tariffs, relieving the alarm perceived in the initial market swoon. A second round of China-focused tariffs did manage to surface, but after another bout of market jitters, fresh negotiations are now underway, easing some of these concerns. Facebook woes took hold by mid-month and were then followed by the mishaps in A.I connected to autonomous cars on March 27 (3.32% decline in the NASDAQ 100). This was followed by presidential tweets regarding Amazon on March 28<sup>th</sup> March 29<sup>th</sup> and into the first few days into April. The overall assumption last month was that these singular news items are not "game changing events", although collectively these exogenous inputs have taken their toll on stock prices.

### Indicator of the Month

As detailed above, a persistent and unusual supply of news stories have triggered substantial gyrations in stock prices in the past couple of months. The chart on the next page depicts the S&P along with two other gauges that can partially track impactful news stories. One is Economic Policy Uncertainty ("EPU"), the bottom chart, which is an index to measure economic uncertainty. The Index is comprised of three components: newspaper coverage, federal tax code provisions set to expire in future years, and disagreement among economic forecasters as a proxy for uncertainty. The data series compiled is monthly and the inception dates back to January 1985. The other data series is called the Geopolitical Risk Index ("GRI"), the second from the top chart. This Index is compiled counting the words related to geopolitical tensions in leading international newspapers, using 11 newspapers since 1985. The data is monthly and, remarkably, the data on this series is available from 1899.

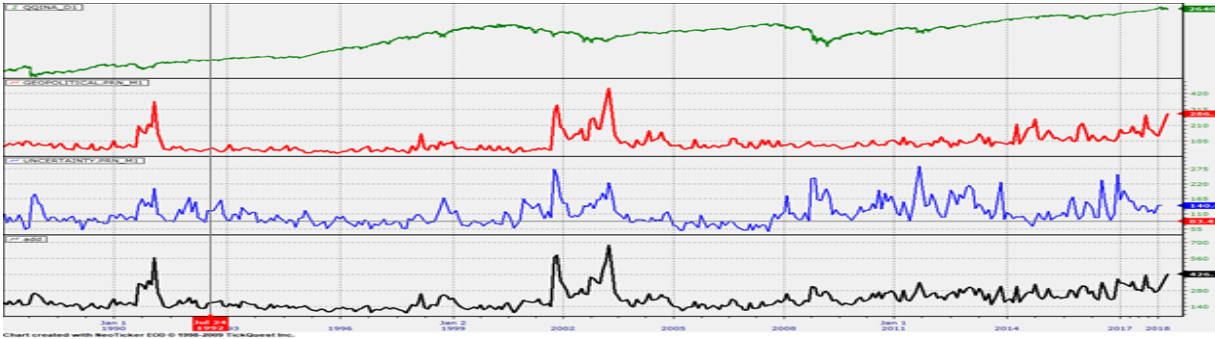
The GRI, based on the recent data, rose to 286 in the March 12<sup>th</sup> cycle, the next update is scheduled for April 10<sup>th</sup>. This mid-month GRI reading of 286 is the highest level since March 2003, which coincided with the bear market bottom, although the level subsequently peaked out at 455 in that period. Prior peaks in this indicator were 344, which occurred at the bear market bottom in October 2001 and in January 1991 at 369. In sum, historically the chart has captured elevated news concerns typically after large market events and has peaked near market bottoms. The current magnitude of elevation is rare in the absence of a significant market event. Economic Policy



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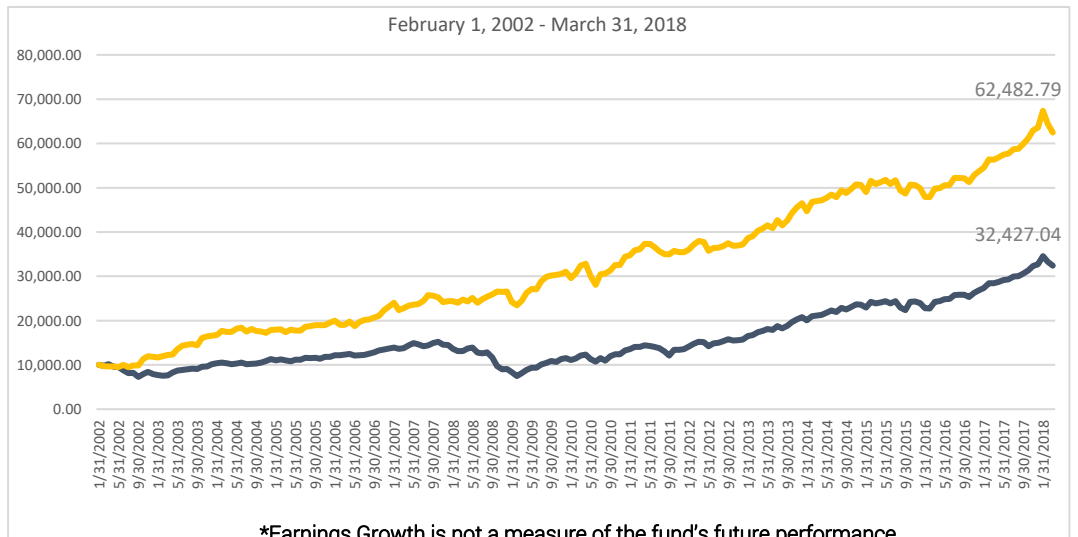
Uncertainty had been tamed (although the one-year level is considered somewhat elevated) after spiking following the Presidential election. The latest reading rose to 155, the highest in a year. The last chart combines these two indicators



**Summary**

Stock prices in the long run are tethered to earnings. They are also partly influenced by interest rates, risk premiums, inflation etc. From a broader perspective, observing the S&P since the end of 2010, or roughly two years after the financial crisis, and using the end point of March 23<sup>rd</sup> shows an advance of 106.81%. According to the data from FactSet, earnings on the S&P 500 at year end are expected at \$157.70 or an increase of 81.25% since the end of 2010. Risk premiums and bond yields are presently modestly lower than at the end of 2010. Using a formula to standardize valuations suggests that valuations at the end of 2010 are similar to the present levels based on the S&P's close on March 23<sup>rd</sup> (2,588.36). Additionally, the S&P's forward PE touched 16.00, which was not dissimilar to the S&P ratio entering the last quarter of 2013, which is considered a decent ratio in a low inflationary environment. The Forward PE ratios for the S&P 400 Midcap and the S&P Small cap have similarly converged around this level as well.

From a historical perspective, the S&P has been above its 200-day moving average for roughly 440 days, the fifth longest streak since 1950. The previous longest streak ended Oct 10, 2014 and the S&P gained 6.40% three months later after breaking below its 200-day average. In the three other streaks greater than 400 days the S&P also moved higher 3 months later after initially declining below the moving average and breaking the streak. While historical context shouldn't represent the sole factor in one's investment outlook, neither should it be ignored.



\*Earnings Growth is not a measure of the fund's future performance.

Thanks for your interest,

Steven Goldman



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Performance Table

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Returns	WDD*
2002	n/a	-2.84	-0.44	-0.40	-1.10	4.76	-5.06	3.85	0.58	13.97	5.72	-1.21	17.84%	-5.23%
2003	-0.84	2.41	2.39	0.51	10.04	5.69	1.50	1.11	-1.70	11.38	2.32	0.70	40.70%	-1.70%
2004	0.75	5.67	-1.03	-0.12	4.06	1.39	-4.75	3.21	-2.32	-0.79	-1.61	3.57	7.79%	-6.26%
2005	0.61	0.39	-3.77	3.54	-1.40	-0.07	5.03	0.72	1.30	-0.15	-0.14	3.29	9.44%	-3.77%
2006	2.13	-4.71	-0.03	3.88	-4.96	5.00	2.03	0.60	2.34	1.55	6.20	3.68	18.38%	-5.95%
2007	3.81	-6.82	1.68	2.60	0.91	0.60	3.22	5.25	-0.58	-1.31	-4.49	1.02	5.36%	-6.82%
2008	-0.07	-1.58	3.13	-1.66	3.16	-4.27	3.18	2.43	2.05	2.58	-0.42	0.41	8.97%	-4.27%
2009	-9.13	-2.99	4.42	7.21	3.33	-0.14	6.59	3.55	0.97	0.54	0.62	1.69	16.75%	-11.84%
2010	-4.60	3.61	5.57	1.39	-8.25	-6.72	8.41	0.37	2.44	3.82	0.00	5.82	10.88%	-14.42%
2011	0.86	3.28	0.71	3.46	-0.10	-1.84	-2.73	-1.71	-0.14	2.25	-0.83	0.05	3.09%	-6.38%
2012	1.59	3.11	2.14	-0.56	-5.33	1.79	0.25	1.03	1.64	-1.43	0.18	0.56	4.80%	-5.07%
2013	3.93	1.10	3.15	1.22	1.75	-1.49	4.35	-2.77	2.67	4.08	2.77	2.12	25.12%	-2.71%
2014	-3.99	4.79	0.50	0.19	1.34	1.41	-1.22	3.21	-1.10	1.81	2.14	-0.33	8.80%	-3.95%
2015	-3.15	5.18	-1.40	0.78	1.01	-1.76	1.68	-4.44	-1.56	4.29	-0.15	-1.43	-1.38%	-5.89%
2016	-4.02	-0.10	4.05	0.14	1.41	0.09	3.12	0.01	-0.14	-1.69	3.12	1.65	7.62%	-3.89%
2017	1.49	3.39	-0.03	0.85	1.09	0.46	1.71	0.19	1.76	2.18	3.03	0.95	18.40%	-0.10%
2018	5.95	-4.35	-3.06											
Avg.													12.66%	-5.52%

\*WDD - Worst cumulative monthly drawdown

Standardized Performance

(As of 03/31/2018)

	1 Year	5 Year	10 Year
UNAVX	10.88%	9.17%	9.71%
S&P 500 Index	13.04%	13.30%	9.01%

Net Expense – 1.99%, Gross Expense – 2.75% The advisor has contractually agreed to limit expenses through 7/31/19. Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-866-264-8783.

DEFINITIONS

S&P Price Index - American stock market index based on the market capitalizations. Drawdown- Usually quoted as the percentage between the peak and the subsequent trough. NASDAQ-100 is a stock market index made up of 107 equity securities issued by 100 of the largest non-financial companies listed on the NASDAQ. Forward price to earnings (P/E)- is the measure of a company's P/E ratio using its expected earnings. S&P MidCap 400- provides investors with a benchmark for mid-sized companies. S&P Small Cap Index - index of small-cap stocks managed by Standard and Poor's. It is not possible to invest directly in an index



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USA Mutuals Navigator Fund does not invest within Amazon that was referenced in the commentary above. Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

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Simultaneous with the commencement of the Fund's investment operations on October 13, 2017, the Goldman Navigator Fund, L.P., a limited partnership managed by Mr. Steven Goldman, the Fund's portfolio manager (the "Predecessor Partnership"), converted into the Institutional Class shares of the Fund by contributing all of its assets to the Fund in exchange for Institutional Class shares of the Fund.

Performance data quoted prior to October 13, 2017 represents the past performance of the Goldman Navigator Fund, L.P., a limited partnership managed by Mr. Steven Goldman, the Fund's portfolio manager (the "Predecessor Partnership"). From its inception in 2002 through 2012, the Predecessor Partnership was managed as a proprietary account of the portfolio manager and was converted to a limited partnership in 2012. From its inception on February 1, 2002 through October 13, 2017, the Predecessor Partnership maintained investment policies, objectives, guidelines, and restrictions that were, in all material respects, equivalent to those of the Fund, and at the time of the conversion, the Predecessor Partnership was managed by the same portfolio manager as the Fund. Such portfolio manager managed the Predecessor Partnership since its inception in a manner that, in all material respects, complied with the investment guidelines and restrictions of the Fund. The Fund's performance for periods before October 13, 2017 is that of the Predecessor Partnership and includes the expenses of the Predecessor Partnership. The performance includes gains or losses plus income and the reinvestment of all dividends and interest. All returns reflect the deduction of all actual fees and expenses, paid by the Predecessor Partnership, without provision for state or local taxes. If the Predecessor Partnership's performance was adjusted to reflect the projected first year expenses of the Fund, the performance for all periods would have been lower than that stated. The Predecessor Partnership was not registered under the 1940 Act, and was not subject to certain investment limitations, diversification requirements, and other restrictions imposed by the 1940 Act and the Internal Revenue Code of 1986, as amended (the "Code"), which, if applicable, may have adversely affected its performance. On a going forward basis after October 13, 2017, the Fund's performance will be calculated using the standard formula set forth in rules promulgated by the SEC, which differs in certain respects from the methods used to compute total returns for the Predecessor Partnership. Please refer to the Financial Statements section of the Fund's SAI to review additional information regarding the Predecessor Partnership.

[Click here](#) for a prospectus.

**Mutual fund investing involves risk; principal loss is possible. Leveraging may exaggerate the effect on net asset value of any increase or decrease in the market value of a Fund's portfolio. Investing in derivatives may subject the Fund to losses if the derivatives do not perform as expected. Short sales involve selling a security that a Fund borrows and does not own. Short sales carry significant risk, including the risk of loss if the value of a security sold short increases prior to the scheduled delivery date, since a Fund must pay more for the security than it has received from the purchaser in the short sale. Futures contracts are subject to the same risks as the underlying investments that they represent, but also may involve risks different from, and possibly greater than, the risks associated with investing directly in the underlying investments. The Funds may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. This risk increases with emerging markets. Small and mid-size companies involve additional risks such as limited liquidity and greater volatility. Investments in futures may result in a substantial loss in a short period. The loss may be more than the original investment. One cannot invest directly in an index**



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