



August 02, 2018

Dear Friends and Investors,

The following market overview for the month of July 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

Broad Market Performance

For the month of July, Navigator Fund performance gained 3.65%, YTD 4.85%, 6.10% gross. The S&P in the month gained 3.72%, YTD 6.47%.

Market Commentary

As detailed in the past few months, when one of our Economic Models is in an acceleration mode the S&P, since 1995, has historically averaged 6.00% above its nine-month moving average. In January, the S&P stood roughly 10.50% above this average. In February, 4.75%, and then dropped to below 2% over the next few months. At month end, the S&P stood 4.9% above its 9-month moving average and briefly registered 6.00% in the days just prior to month-end.

The Navigator Fund's yearly cumulative pullbacks in monthly equity, which have averaged roughly 5.5% per year, have seen a recouping of 66% of the declines in under 2 months, and roughly 4 months for a 100% recouping. For the record, it took a bit longer this time around, mainly due to tariffs concerns. Nonetheless, 5 months after this equity trough, 95% of the equity has been recouped as of July month end and 100% would have been recouped had the month ended a few days earlier.

Indicator of the Month

The flattening of the yield curve has been a leading business topic. It was noted in a recent research report from the Federal Reserve (<https://www.federalreserve.gov/econres/notes/feds-notes/dont-fear-the-yield-curve-20180628.htm>) and there was a parabolic spike in google searches on this subject. The spread between Three-month Treasury Bills and the 10 Year Treasury Bond has narrowed from 1.02% at the start of the year to 0.89%, while the spread between the 3-year Treasury Note and the 10-year Treasury Bond has narrowed from 0.45% to 0.19% in the same timeframe. The shape of the yield curve is one of the 10 components of the Index of Leading Economic Indicators (LEI). For the record the LEI is higher by 6.1% over the past 12 months and has continued to reach new records. The rate of growth at 6.1% is considered robust. The analysis on the next page reviews the S&P's reaction to yield curve inversions using different time periods in maturities vs the 10-year Treasury Bond.

One-month after the Three-year Treasury Note yield rose above the 10 Year, the S&P's average gain was roughly 1%, and the S&P was higher 56% of the time. Three-months after the initial inversion the S&P on average declined by nearly -2% and was higher 55% of the time.



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time. Six-months later, the S&P's average gain was roughly 0.5% and was higher 56% of the time. There were four occurrences which incurred a maximum interim gain greater than 7%, while four showed interim maximum declines greater than -6%. One year later saw the S&P's average gain at 3% and it was higher 50% of the time.

Historically, in the month following the One-year Treasury yield rising above the 10-year Treasury Bond, the S&P lost 1% and was higher 38% of the time. Three-months after the initial inversion, the S&P was higher 38% of the time and on average declined by roughly 2%. Six-months after the inversion, the S&P was higher by less than 0.50%, and higher 38% of the time. Three signals showed interim maximum gains greater than 6.5%, while five signals showed interim maximum declines at more than -7.75%. One year later the S&P was lower by roughly -2.5%, but still higher 50% of the time.

One-Month after the Three-month Treasury Bill yield rose above the 10-year Treasury, the S&P rose on average by more than 1% and was higher 71% of the time. Three months after the inversion, the S&P declined by roughly -0.5% and was higher just 29% of the time. Six-months after the inversion saw nearly a -2% decline. Worth noting: Only two periods showed a maximum interim gain greater than 7%, while five periods, or 70% of the signals, incurred a maximum interim decline greater than -8.0%. One year later the S&P was lower by slightly more than -3.0% and was higher 43% of the time.

Summary

Overall, the inversion of the yield curve has historically been followed by muted S&P returns. The most accurate of the three different maturities was the three-month bill, as 70% of signals were followed by a market decline greater than -8% six month later. It should be noted that the expected Federal Funds Rate for December 2019 presently suggests a rate of 2.75%, which Three- month Treasury Bills roughly track by +/- 0.1%. The likelihood for an inversion more than one year from now is still not apparent. In addition, according the Federal Reserve the 10-year Treasury in a normal environment (without global QE) would be 1.4% higher. Lastly the Federal Funds rate remains below the CPI inflation rate, which has historically been a favorable environment for equity prices. Further comments will be provided in coming monthly letters.

Thanks for your interest,

Steven Goldman

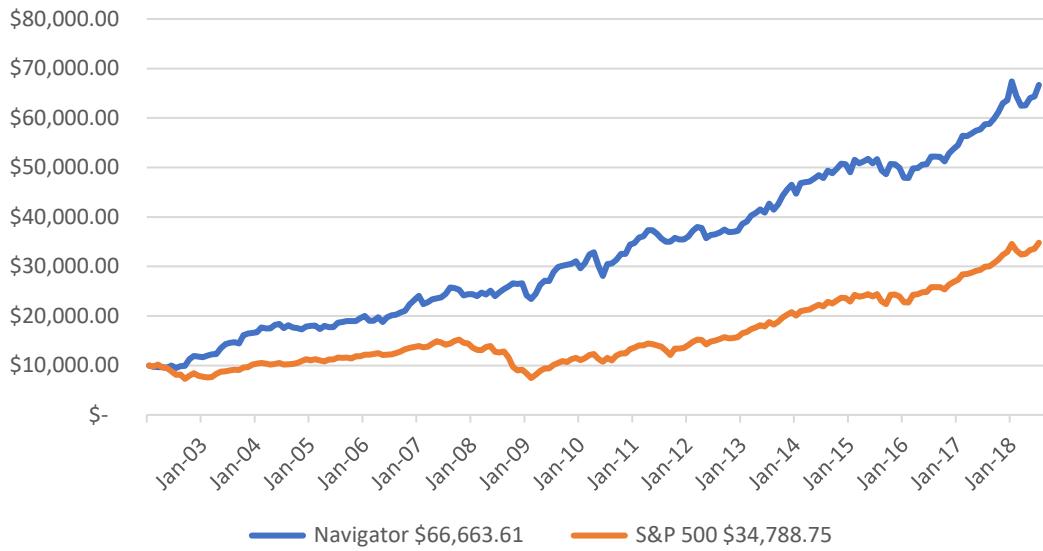


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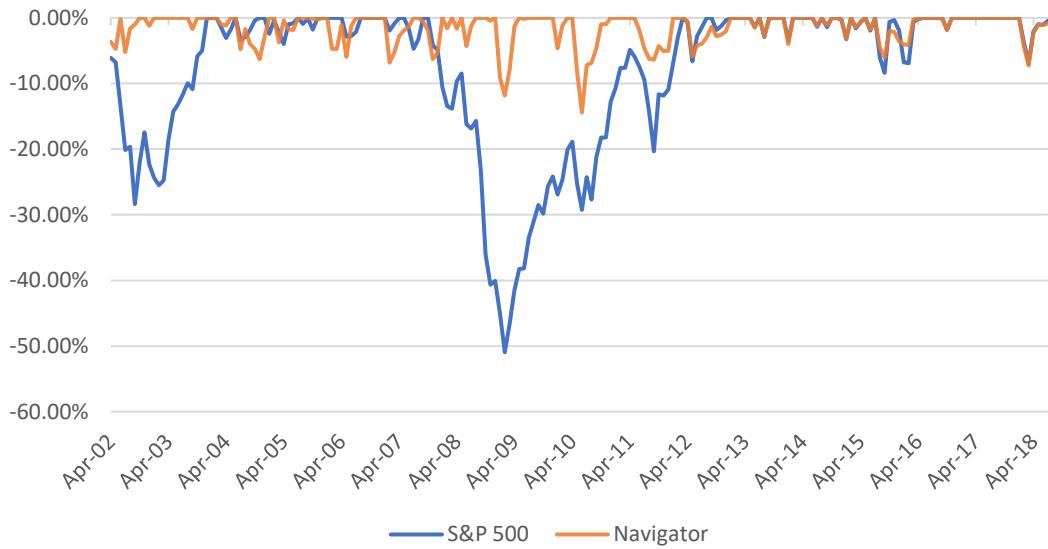
Growth of UNAVX vs. S&P 500 (02/01/02 to 07/31/18)

*This chart illustrates the performance of a hypothetical \$10,000 investment made in the Fund on 02/01/2002 following its inception. Assumes reinvestment of dividends and capital gains. This chart does not imply any future performance.



Past performance does not guarantee future results

Navigator vs. S&P 500 Drawdown



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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	17.83%	-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	40.72%	-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	18.39%	-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	16.74%	-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	18.36%	-0.10%
2018	5.95	-4.35	-3.06	0.10	2.34	0.48	3.65							
Avg.													12.66%	-5.52%

*WDD - Worst cumulative monthly drawdown

Standardized Performance
(As of 06/30/2018)

	1 Year	5 Year	10 Year	Since Inception*
UNAVX	11.43%	9.48%	10.34%	12.01%
S&P 500 Index	14.37%	13.42%	10.17%	7.70%

*Inception: 02/01/2002
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 500 - 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.

S&P 600 Small-Cap Index - Index of small-cap stocks managed by Standard and Poor's.

Russell 2000 - Index is a small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index.

Econometric Model – Identifies the statistical relationship that is believed to hold between the varied economic quantities concerning a particular economic phenomenon under study.

Spread – The difference between two prices or interest rates.

Index of Leading Economic Indicators (LEI) - The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading, coincident, and lagging economic indexes are essentially composite averages of several individual leading, coincident, or lagging indicators. They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component – primarily because they smooth out some of the volatility of individual components.



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Consumer price index (CPI) - It measures changes in the price level of market basket of consumer goods and services purchased by households. The CPI is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically. Sub-indices and sub-sub-indices are computed for different categories and sub-categories of goods and services, being combined to produce the overall index with weights reflecting their shares in the total of the consumer expenditures covered by the index. It is one of several price indices calculated by most national statistical agencies. The annual percentage change in a CPI is used as a measure of inflation. A CPI can be used to index (i.e. adjust for the effect of inflation) the real value of wages, salaries, pensions, for regulating prices and for deflating monetary magnitudes to show changes in real values. In most countries, the CPI, along with the population census, is one of the most closely watched national economic statistics.

Quantitative easing (QE) - Refers to steps that the U.S. Federal Reserve takes in attempting to boost the country's lagging economy.

It is not possible to invest directly in an index.

Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

The USA Mutuals Funds are distributed by Compass Distributors, LLC.

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 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.

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the Fund, please call 1(800) MUTUALS or visit our website at www.usamutuals.com. Read the prospectus or summary prospectus carefully before investing.



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