

November 07, 2018



Dear Friends and Investors,

The following market overview for the month of October 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

In the month of October, the Fund returned -7.02%, with YTD performance standing at +1.06%. The S&P 500 lost -6.84% over the same period, bringing its YTD performance to +3.01%.

Market Commentary

Interestingly, 2018 could mark the first year since 1940 where most international equity markets are lower on the year while the global economy is not entering a recession.

Entering the month of October, the summation of our indicators registered an unfavorable risk/reward ratio isolating the short-term direction in stock prices. This triggered a tactical shift in the Fund's equity allocation (which was modestly above 100%) before the nearly 4% drubbing in the S&P futures on October 10th. Consequently, equity exposure was lowered to the lowest level in over a year. In our experience there are three phases to a successful Tactical Allocation: The first phase, and possibly the most critical, is the identification of a shift in the summation of the indicators and a determination of whether or not this analysis was indeed correct; In the second phase, a shift in exposure is implemented; Lastly, we assess whether exposure was changed to an appropriate level. Regarding the last phase, I've given us a less than stellar grade in relation to the events of October.

Indicators

Following up from last month, with my apologies for any necessarily redundant information, the August ISM Manufacturing Index reading rose to 61.3, touching a cyclical high for this particular economic recovery. A review of the previous 10 Business Cycles since 1950 reveals a cyclical peak in this indicator is typically years in advance of an economic downturn. With the exception of two Business Cycles: 1973 and 1981. These two anomalies were due to a sharp increase in the Federal Funds Rate, which rose by roughly 100% in the preceding year, or by more than 500 basis points in each of these periods. Last month, the ISM Service Index rose to 61.6 and the Business Activity Index ("BAI") rose to 65.2%. Both also rose to cyclical peaks in this recovery phase, reflecting the past 113 months. The BAI data goes back further to 1997 and cyclical peaks in this reading, like the ISM, also occurred years in advance of the economic downturns in 2000 and in 2007.



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In our previous letters we had stated that when one of our Econometric Models shifted into an economic acceleration mode that stock prices have typically traded 6% above their nine-month moving average. As stated in the April letter, "In the decade of the 1950's when interest rates were relatively benign, the S&P, in this acceleration mode, averaged 8.44% above its nine-month average. In past periods when inflation has become more problematic, the spread has typically landed below its historical norm. Additional filters can be utilized, but in this study are not being implemented". On October 2nd, the US Treasury ten-year note rose to the highest level in seven years, ushering in a less benign interest rate backdrop and thus rendering this reading less effective. Additionally, the economic acceleration phase is potentially starting to shift away from this phase.

On October 24th, our Daily Sentiment Model, which encompasses more than three dozen indicators, rose to 275, a favorable reading in the short-term. The reading is higher than the levels reached on February 8th, when the level then rose to 215 (although other metrics outside of sentiment were rated more favorably). Reviewing other significant readings in the past few years, on January 20th, 2016 the reading rose to 290, while on September 29th, 2015 the reading rose to 251. In addition, towards the end of October an analog going back to 1950's generated a favorable signal for equity prices in non-recessionary periods. **Past Performance is Not Necessarily Indicative of Future Results.**

Summary

Since the Presidential Election, the S&P's estimated forward one-year PE entering the month of December 2016 stood at 17.9. At last month's lows, the forward PE stood at 15.0. If stock prices end the year at these levels, forward PE would decline to 14.6. A forward PE this low last occurred in August 2013. At the end of that month, the S&P stood at 1,632. From a longer-term perspective, measuring earnings since the economic peak at the end of 2007, the S&P ended that year with earnings at \$85 a share. Earnings are expected to end this year at \$162 a share, or a gain of 90.5%. S&P 500 returns from the market peak in 2007 to last month advanced by 74.0%. In the long run, stock prices are tethered to earnings, inflation and risk premiums. The general narrative in the current bull market is that is quantitative easing "forced" investors into the equity markets, but the reality is remarkably different - earnings have actually outpaced stock prices.

Thanks for your interest,

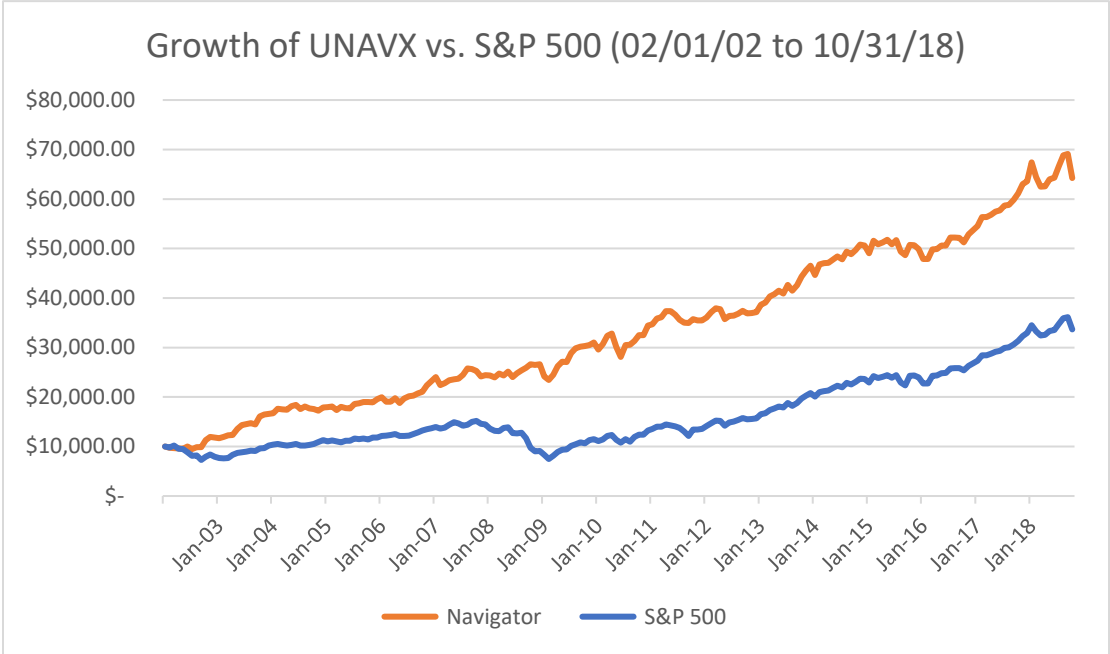
Steven Goldman



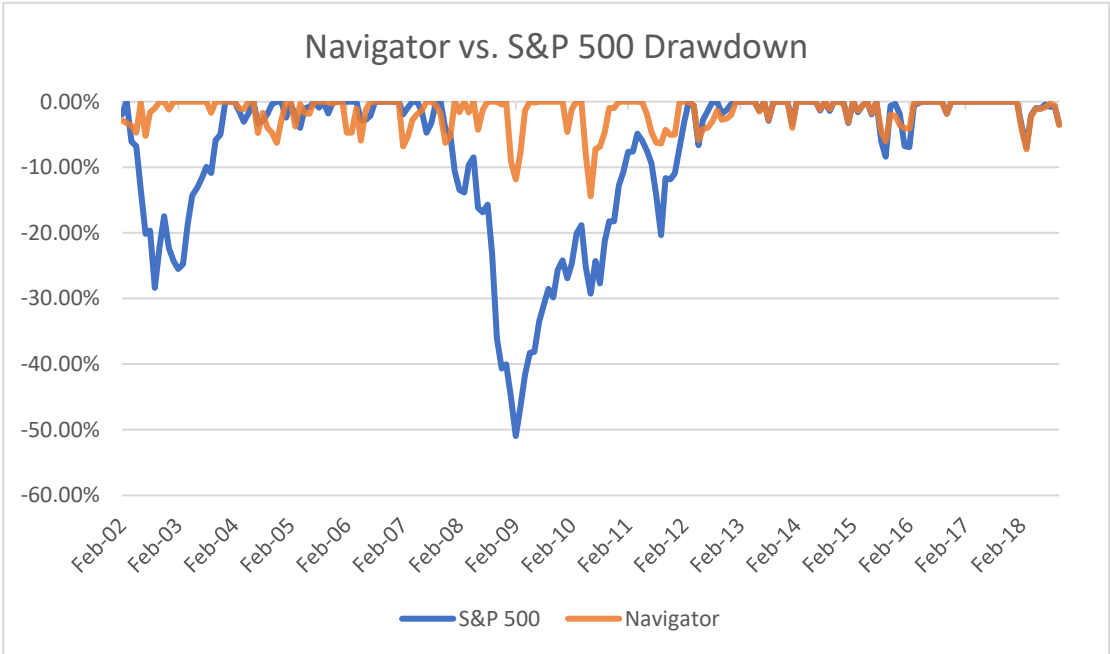
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*This chart illustrates the performance of a hypothetical \$10,000 investment made in the Fund on 02/01/2002 following its inception. Assumes reinvestment of dividends and capital gains. This chart does not imply any future performance.



Past performance does not guarantee future results



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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 | 3.25 | .40 | -7.02 | | | | |
| Avg. | | | | | | | | | | | | | 12.66% | -5.52% |

*WDD - Worst cumulative monthly drawdown

Standardized Performance (As of 10/31/2018)

| | 1 Year | 5 Year | 10 Year | Since Inception* |
|---------------|--------|--------|---------|------------------|
| UNAVX | 5.11% | 7.71% | 9.23% | 11.75% |
| S&P 500 Index | 7.35% | 11.34% | 13.24% | 7.51% |

Standardized Performance (As of 09/30/2018)

| | 1 Year | 5 Year | 10 Year | Since Inception* |
|---------------|--------|--------|---------|------------------|
| UNAVX | 15.51% | 10.17% | 10.31% | 12.30% |
| S&P 500 Index | 17.91% | 13.95% | 11.97% | 8.01% |

*Inception: 02/01/2002

Net Expense: 1.99%, Gross Expense: 3.17% 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.



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DEFINITIONS

ISM Manufacturing Index – Based on survey of more than 300 manufacturing firms by institute for Supply Management.

ISM Service Index – An economic measure for the US business sector.

Business Activity Index - An index of activity in the services sector that is put out monthly by the Institute for Supply Management.

Daily Sentiment Model – Model created by the Navigator Fund Portfolio Manager that is made up of more than three dozen indicators that track sentiment levels.

Forward PE – Measure of a company's P/E ratio using its expected earnings.

Basis Point - one hundredth of one percent, used chiefly in expressing differences of interest rates.

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.

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



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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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