



Vitium Fund Commentary
February 2021

For the month of January, VICEX lost 4.18%, while the MSCI ACWI Large Cap Index fell 0.45%. The S&P 500 index lost 1.11% during the month.

Market Review

Global equity markets continued their sharp advance throughout most of January but pulled back dramatically at month-end. The bearish sentiment was mostly due to concerns over COVID-19 variants and their potential to slow down the economic recovery that started in late 2020. Even the better-than-expected news from J&J that their single shot vaccine dramatically reduces death in serious COVID cases was not enough to stop the end-of-month selling. The market weakness was most felt in consumer discretionary sectors, the components of which comprise the bulk of our holdings (gaming, alcohol, and tobacco, in that order).

The selling pressure quickly abated in the first week of February, resulting in significant gains for the Fund.

Our view that the economy is likely to emerge from the pandemic quicker than expected is anchored by the size of the current spending package promoted by the Biden Administration, a staggering \$1.9 trillion. This seems much larger than is what is needed to accomplish the main objective (getting back to pre-COVID employment numbers as soon as possible), but its size is likely reflective of risks associated with the new COVID-19 variants. If Congress decides to pass a relatively modest bill, incorrectly based on a smooth exit from COVID by the summer, another bill will be required. That would bring the familiar problems of delay, which would cause more businesses to fail and increasing job losses.

Conversely, if all goes well and herd immunity is achieved in the second half of 2021, the biggest issue will be an overheated economy – a scenario much easier to deal with than the one mentioned above. We expect an uptick in inflation and more market volatility as the most likely outcomes in this scenario and are adjusting the portfolio via long-volatility bets and downside protection from our put positions. Until this is played out, we believe the most likely short-term direction of equity markets is higher.

We believe the media's obsession with viewing even the most bullish events in the worst possible light – "fear porn," so-called because bad news attracts more eyeballs than does good news – can cause short-term invest skittishness. We prefer to take advantage of these opportunities to add to the Fund's portfolio.

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Share prices and investment returns fluctuate and an investor's shares may be worth more or less than original cost upon redemption. For performance data as of the most recent month-end please call 1-866-264-8783.

We will express these views in multiple ways in the Vitium portfolio. The Fund's overweight to small, foreign companies in our four areas of concentration will continue. Our focus on opportunities in the gaming space, especially online and in offshore regions like Macau and Singapore, will also guide our activities. A de-emphasis on defense contractors will give us capital to express our view in more opportunistic areas in the consumer discretionary sectors. We will be communicating on a much more regular basis as we steer the Fund's assets toward the most promising sectors of the market.

Sincerely yours,



Ben Warwick



Paul Strehle

Standardized performance as of (12/31/2020) Fund Inception (08/30/2002)

	1 Year	5 Year	10 Year	Since Inception
VICEX	-0.90%	6.26%	9.53%	8.78%
MSCI World Index	16.82%	12.86%	9.71%	9.31%

Investor Class 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. Returns over one year are annualized. The Gross and Net expense 1.67% and 1.49%. Contractual fee waivers through 07/31/2021.

Important Disclosures

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DEFINITIONS:

The MSCI All Country World Index Total Return ("MSCI ACWI TR") captures large and mid-cap representation across 23 Developed Markets (DM) and 26 Emerging Markets (EM) countries.

The S&P 500 Total Return Index® ("S&P 500 TR") is considered to be generally representative of the U.S. large capitalization stock market as a whole. You cannot invest directly in an index.

Mutual fund investing involves risk; principal loss is possible. The Fund will concentrate its net assets in industries that have significant barriers to entry including the alcoholic beverages, tobacco, gaming and defense/aerospace industries, the Fund may be subject to the risks affecting those industries, including the risk that the securities of companies within those industries will underperform due to adverse economic conditions, regulatory or legislative changes or increased competition affecting those industries, more than would a fund that invests in a wide variety of industries. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. The Fund invests in smaller companies, which involve additional risks, such as limited liquidity and greater volatility. Derivatives may involve certain costs and risks such



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as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Investing in derivatives could result in losing more than the amount invested. If a security sold short increases in price, the Fund may have to cover its short position at a higher price than the short sale price, resulting in a loss.

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