



The Vitium Global Fund
March 2021

For the month of March 2021, VICEX gained 4.96%. The Fund's benchmark, the MSCI ACWI Index, rose 2.72%.

Fund Review

November 9th was one of the most important days for investors in 2020. On that date, Pfizer announced a successful Phase Three study results from their COVID-19 vaccine trials. The FDA issued an emergency use authorization, paving the way for widespread vaccine distribution throughout the U.S. Previously, medical experts estimated that an effective vaccine would not be available until mid-2021.

Positive news on the vaccine development front did more than just give investors hope that life would eventually return to normal. It also breathed life into value stocks. The previous three years witnessed the largest underperformance in value stocks versus growth stocks in history – an annualized gap of 21%, as calculated by Dimensional Fund Advisors. On a longer-term basis, growth has beaten value since 2007, with the gap at levels not seen since the dot com meltdown in 2000.

What does that have to do with drinking, smoking, and gambling – sectors that the Vitium Global Fund has been positioning in since 2002? As it turns out, many of our largest positions had fallen into “value” territory and rallied significantly on the news. We anticipate this trend will continue. As of the end of the first quarter of 2021, the Fund gained 9.34% versus a gain of 4.68% for the MSCI ACWI Index.

The Fund has a 19-year history of investing in what people do in their spare time. Historically, that has included the three sectors mentioned above and defense contractors (i.e., the “guns” in alcohol, tobacco, and firearms). But times change, with both technology and societal shifts influencing what folks are interested in spending their time and money pursuing. As such, the definition of “vice” has grown to include the following:

Recreational marijuana - In early November 2020, New York governor Andrew Cuomo committed to legalizing recreational marijuana in early 2021. Arizona, Mississippi, Montana, New Jersey and South Dakota legalized marijuana (either for recreational or medicinal use) on November 3rd, which resulted in all but seven states passing favorable legislation. We are currently evaluating which companies to own in this sector and will provide updates in future monthly commentaries.

Gaming - Online gambling continues to experience significant growth in the U.S. Alliance Bernstein estimates the size of the domestic sports betting market to grow by a factor of 10 to \$30 billion by 2030. We feel that this growth is consistent with developed gaming markets such as the UK and Australia. As such, we envision positioning in those companies that are focused most on delivering an online experience. In a similar vein, according to Morgan Stanley online video gaming grew by 30% in 2020, a trend that will likely continue as the activity gains traction with multiple demographics.

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.



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Vitium also features an opportunistic sleeve that makes up 20% of the Fund's holding. While we feature several thematic investments in that portion of the portfolio, one that keeps coming up in conversations is our anti-ESG tilt. Although investing along the lines of environmental, societal, and governance principles is a great marketing tool for asset managers, there are many unanswered questions about its real-world efficacy. As it turns out, accurately measuring a company's ESG impact is tantalizingly difficult. Some comments from a recent academic paper on the subject are as follows:

- Corporate stock and bond prices are unlikely to properly reflect ESG performance as investors struggle to accurately identify out-performers and laggards.
- The divergence can dampen the ambition of companies seeking to improve their ESG performance, thanks to the mixed signals they receive from ratings agencies about which actions are expected and will be valued by the market.

In all this politically correct confusion there lies opportunity, in our view. As such, we are maintaining a short ESG position against its respective traditional index.

The Vitium Global Fund is not an index fund. We strive to beat the market by intelligently allocating assets among those companies that create products that people consume in their spare time – so-called “vice” stocks. Combined with our thematic investment holdings, the Vitium Fund seeks performance above the market while attempting to mitigate downside risk.

Sincerely yours,



Ben Warwick



Paul Strehle

Standardized performance as of (03/31/2021) Fund Inception (08/30/2002)

	1 Year	5 Year	10 Year	Since Inception
VICEX	47.26%	7.13%	9.74%	9.17%
MSCI World Index	55.31%	13.81%	9.73%	9.45%

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.



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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.

IMPORTANT RISK INFORMATION:

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 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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