



Vice Fund (VICEX) Commentary  
February 2025

The Vice Fund ended the month of February with a return of +4.00%.

Market Review

Major U.S. equity indices were lower in February. Concerns around high growth stock valuations, increasing signs of “stagflation,” and ongoing tariff wars fueled the risk-off sentiment. The Federal Reserve maintained a cautious stance due to hotter-than-expected inflation data. We believe risks are mounting for a more meaningful sell-off this year.

On February 18<sup>th</sup>, the CBOE SKEW (SKEW) Index reached all-time highs. SKEW measures perceived tail-risk in the distributions of the S&P 500 returns over a 30-day horizon. In short, investors were hedging extreme downside risk more than taking opportunistic positions to the upside. But nervous investors are only the beginning of the story.

In the following two weeks after the SKEW all-time high, SKEW immediately dropped close to its lows of years. This may indicate investors closed out hedges aggressively AND added to existing long positions seeking upside opportunity. While this SKEW movement is common during selloffs over longer time periods, the magnitude of the flip-flop back to opportunistic so quickly is uncommon. Investors have been rewarded for nearly two decades buying dips. In this case, we believe investors may be too early on a bullish call.

The Vice Fund remains committed to its core belief that certain stocks are undervalued because certain factions of society deem them morally questionable. Our core holdings remain military defense, casino, alcohol, and tobacco stocks because they typically have an inelastic customer base that is unlikely to be swayed by whether the product price rises or falls.

Sincerely yours,

Paul Strehle

**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](http://www.USAMutuals.com). Read the prospectus or summary prospectus carefully before investing.**

**Standardized performance as of (12/31/2024) Fund Inception (08/30/2002)**

	1 Year	5 Year	10 Year	Since Inception
<a href="http://www.USAMutuals.com">www.USAMutuals.com</a>				
	1-800-MUTUALS			
			FA.sales@USAMutuals.com	

VICEX	1.55%	0.07%	4.38%	7.22%
MSCI World Index	18.01%	10.58%	9.79%	9.27%

**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 are 1.91% and 1.73%. The Fund's adviser, USA Mutuals Advisors, Inc. (the "Adviser"), has contractually agreed to reduce its fees and/or absorb expenses of the Fund, until July 31, 2024, to ensure that total annual fund operating expenses after fee waiver and reimbursement will not exceed 1.48% of the Fund's average daily net assets for each share class.

#### 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.

**Cboe SKEW:** An index that measures the volatility of financial markets, based on the prices of options for the leading 500 companies.

**S&P 500 Index:** An unmanaged composite of 500 large capitalization companies. Professional investors widely use this index as a performance benchmark for large-cap stocks. You cannot invest directly in an index.

#### Important Disclosures

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#### 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.*

