



Vice Fund (VICEX) Commentary
February 2024

The Vice Fund ended the month of February with a return of 2.26%.

Market Review

Core inflation continued to show signs of deceleration, spurring all eleven equity sectors to rally higher in February. In contrast, fixed-income markets were broadly lower as investors extended the timing of potential Federal Reserve rate cuts.

US inflation has hovered in the 3 percent range for the last year and had its lowest year-over-year level in February. The Federal Reserve held the Fed Funds Rate at 5.50%, marking its fourth consecutive meeting of unchanged rates.

The bulk of earnings season occurred in February, with five of the “Magnificent Seven” US stocks reporting. Companies exceeded analyst expectations in three-quarters of the announcements – generally in line historically during bull markets. Notably, Nvidia exceeded earnings expectations and continues to be the primary beneficiary of the recent obsession with artificial intelligence.

On the quantitative front, the realized CBOE Skew (compared to the Implied CBOE SKEW index), one gauge of downside risk in equities, is at its most inverted in 20 years. Markets have been taking the escalator down and the elevator up, which is the reverse of historical behavior. We also believe it implies a risky market.

In short, this provides evidence of less hedging (fear) as more investors seek greater upside in this market (greed). There is a saying that bull markets end when the last bear throws in the towel. Skew is one way to measure this anecdote, as we believe few investors are managing their downside risk.

US Stocks opened mixed in 2024, with large caps advancing and small caps declining. Six of the eleven sectors had a negative start to the year, with consumer discretionary and real estate representing the biggest laggards.

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 price of the product 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. Read the prospectus or summary prospectus carefully before investing.

Standardized performance as of (12/31/2023) Fund Inception (08/30/2002)

	1 Year	5 Year	10 Year	Since Inception
VICEX	-2.15%	4.52%	3.40%	7.49%
MSCI World Index	22.81%	12.27%	8.48%	8.88%

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 1.98% 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.

Volatility - The degree of variation of a trading price series over time, usually measured by the standard deviation of logarithmic returns.

CBOE Volatility Index - A popular measure of the stock market's expectation of volatility based on S&P 500 index options.

Skew Index - A measure of the perceived tail risk of the distribution of S&P 500 investment returns over a 30-day horizon. The index values are calculated and published by the Chicago Board Options Exchange based on current S&P 500 options market data.

Put Option - a derivative instrument in financial markets that gives the holder the right to sell an asset, at a specified price, by a specified date to the writer of the put.

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.

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