



Vice Fund (VICEX) Commentary
January 2025

The Vice Fund ended the month of January with a return of +3.04%.

Market Review

U.S. equities were higher in January with the equal-weighted S&P notably outperforming the index by over 0.70% after several years of significant underperformance. In short, the AI-growth narrative that has fueled mega-cap technology stocks faced a setback as China's seemingly affordable DeepSeek AI model triggered a selloff in AI-related stocks. This led to more scrutiny around 1) the spending models and pricing power in U.S. tech and 2) the stretched price valuations in U.S. tech. We believe the cost savings and breakthroughs of DeepSeek are overstated, but create real concerns around current U.S. equity valuations.

The advent of the second Trump administration dominated headlines this month. New U.S. tariffs were announced on Mexico and Canada (25%) and 10% on China. Additionally, President Trump noted tariffs on chips, steel, aluminum, and copper in the near future and mentioned he has not settled on a universal tariff rate. He did suggest, though, that it would be "much bigger" than the initial 2.5% that Treasury Secretary Bessent reportedly favored.

The January FOMC meeting resulted in no changes to the benchmark rates, which remained at 4.25-4.50%. It was mostly an uneventful meeting and press conference with the market not expecting another rate cut until June. At the press conference, Chair Powell mentioned the Fed is in no hurry to make changes as recent inflation readings have been good and could get help from easing shelter inflation. Analysts generally see an extended hold from the Fed moving forward, though some say in-line inflation readings possibly leading to cuts by midyear.

Turning to economic data, December core CPI came in slightly ahead of consensus, while headline was slightly below. Analysts believe the core CPI inflation trend is still slowing toward the FOMC's target, mainly after December, when the PPI came in cooler than expected. It should be noted, though, that December nonfarm payrolls were much hotter than expected, with a printing growth of 256k jobs vs. consensus estimates between 150k-160k, with the unemployment rate ticking down to 4.1%.

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. 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
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.

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.



fundinfo@USAMutuals.com
1-800-MUTUALS
www.USAMutuals.com