



Vice Fund (VICEX) Commentary  
August 2024

The Vice Fund ended the month of August with a return of +2.70%.

### Market Review

August began with sharp declines in broad-based equity indices. Concerns about economic growth drove the sell-off after a worse-than-expected jobs report. There were also concerns about the so-called “Japan carry trade” unwinding after the Bank of Japan raised its benchmark interest rates.

Despite the initial downturn, equity markets recovered with the expectation of lower interest rates, which provided a tailwind. The probability of a soft economic landing increased, and Federal Reserve Chairman Powell confirmed a shift in focus to defense against a slumping labor market.

According to analysts, ninety-nine percent of S&P 500 companies have reported Q2 2024 earnings, and the results were mixed. Technology and Financials led the way with higher-than-expected growth. Only Materials and Industrials posted negative earnings-per-share growth, indicating no change in growth stocks or the outperformance of value stocks.

Markets in September have stalled with key economic reports still upcoming, and the Federal Reserve meets on September 18th. The market expects a 25bps rate cut, although the possibility of a 50bps rate cut remains on the table depending on incoming jobs data.

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 (6/30/2024) Fund Inception (08/30/2002)

	1 Year	5 Year	10 Year	Since Inception
VICEX	-4.94%	0.66%	2.83%	7.25%
MSCI World Index	19.92%	11.28%	8.99%	9.21%

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.

**Carry Trade:** An investment strategy that involves borrowing money at a low interest rate and investing it in assets with a higher interest rate. The goal is to profit from the difference in interest rates between the two currencies.

### 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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**VICE FUND: AUGUST 2024 – COMMENTARY LETTER**

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**VICE FUND**

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**USA MUTUALS**

Built on a steadfast foundation of progressive investment theory, our philosophy endeavors to meet the goals of our investors in any economic cycle. Perpetually striving to transform clearly defined expectations into successful and measurable results is the bedrock of our organization.

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