1919 FUNDS

1919 Financial Services Fund

September 30, 2018

Commentary

Portfolio Manager Christopher Perry provides insight into current opportunities in the banking sector.

Q1. ***Would you please provide your perspective on how traditional banks are now partnering with fintech companies?***

For many fintech and technology companies, complex regulatory banking requirements pose significant barriers to entry. Rather than spending significant time, capital and resources tackling these regulatory hurdles, many of these firms are partnering with existing banks to provide services and expand market share. Amazon, Apple and PayPal are all examples of technology-based companies that are now partnering with traditional banks.

Banks, in turn, have not been asleep at the wheel and have been fully investing in their online offerings and infrastructure— 80% of banks over $50 billion in assets offer online checking and savings accounts while smaller banks are partnering with fintech providers to provide online services. What has been realized by many of these banks is that a thoughtful combination of physical branch locations complemented by a well-developed online presence is what attracts and retains customers.

Q2. ***In which financial sub-sectors are you seeing M&A and where are you anticipating increased activity as we finish out 2018 and head into 2019?***

M&A volume among banks is up over 10% year-to date compared with 2017's volume over the same period. Overall, banks have been disciplined when undertaking M&A as they are fully aware of the negative impact on their stock prices if the deal isn't structured appropriately. Banks that are attracting the most attention from acquirers are those with strong deposit franchises. In addition, we expect to see deals from smaller banks as they look to grow through acquisition.

We have also seen more lifting out of specialized teams. For example, instead of moving into a market by buying an entire bank that might dilute earnings, a team, for example a wealth management team, with its expertise and client network is purchased. Also notable is the continued M&A interest in the insurance market which has resulted in a number of insurance companies streamlining their businesses and selling off non-core product lines to increase profitability.

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Morningstar Rating™

Overall Rating as of September 30, 2018

★★★★★

As of 9/30/18, Class I shares rated 5 stars among 96 Financial funds, based upon risk-adjusted returns derived from a weighted average of the performance figures associated with 3-, 5- and 10-year (if applicable) Morningstar Ratings metrics.

Tickers

Class I: **LMRIX**
Class A: **SBFAX**
Class C: **SFSLX**

Portfolio Management

Christopher J. Perry, CFA
Portfolio Manager

Mr. Perry is a Principal at 1919 Investment Counsel. His primary responsibilities are as an Equity Research Analyst covering the Financial Services Sector and Portfolio Manager for the 1919 Financial Services Fund. He has over 26 years of industry experience.

About 1919 Investment Counsel

1919 Investment Counsel is the investment advisor to the 1919 Funds and manages approximately $11.7 billion in assets as of September 30, 2018. The cornerstone of 1919's investment process is proprietary, fundamental research with an emphasis on quality, risk management and diversification.

In addition to the 1919 Funds, 1919 Investment Counsel provides customized equity and fixed income strategies for institutions, family offices and high net worth individuals.

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Q3. *Which financial services sub-sectors contributed to the Fund's portfolio in Q3?*

We have exposure to a variety of financial subsectors in the 1919 Financial Services Fund which helps from a risk/reward perspective. Fintech, exchanges, insurance companies and large-cap banks performed well this quarter while small- and mid-cap banks lost some traction. However, we see this decline in small- and mid-cap bank stock prices as a buying opportunity to invest in select companies with attractive competitive advantages and long runways for growth.

From a style perspective, the Fund's portfolio continues to be well balanced in terms of its growth stocks versus value stocks exposure. In the event there is a market rotation in favor of value stocks, we believe that the Fund's portfolio is well positioned regardless of style leadership. ■

Disclosure

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history without adjustment for sales load. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Class I shares of the Fund were rated against 96, 91, and 70 Financial funds over the 3-, 5- and 10-year periods, respectively. With respect to these funds, Class I shares of the Fund received Morningstar Ratings of 5, 5, and 5 as of 9/30/18. Ratings shown are for the highest and lowest rated share classes only, when available. Other share classes have different expense structures and performance characteristics. Classes have a common portfolio. ©2018 Morningstar Inc. All Rights Reserved. The information contained herein (1) is proprietary to Morningstar (2) may not be copied or distributed and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no guarantee of future results.**

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. In addition to normal risks associated with equity investing, narrowly focused investments typically exhibit higher volatility. The financial services sector may be subject to greater governmental regulation, competitive pressures and rapid technological change and obsolescence, which may have a materially adverse effect on the sector. Fixed income securities are subject to a number of risks, including credit, market and interest rate risks. Additionally, the Fund's performance will be influenced by political, social and economic factors affecting investments in companies in foreign countries. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. Please see the Fund's prospectus for a more complete discussion of these and other risks, and the Fund's investment strategies.

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.
Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security. Amazon, Apple and Paypal represented 0% of the Fund's portolio as of 9/30/18.

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectus contains this and other important information about the investment company, and may be obtained by calling 1.844.828.1919. Read it carefully before investing.

Diversification does not assure a profit or protect against loss in a declining market. Earnings growth is not a measure of the Fund's future performance.

1919 Funds are distributed by Quasar Distributors, LLC.