19/19 FUNDS

1919 Financial Services Fund

December 31, 2017

Commentary

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

Q1. *What types of financial companies will benefit the most from the recent tax reform bill?*

Many banks with a 35% tax rate should see significant double-digit earnings benefits due to the new 21% corporate tax rate. Consumer finance, fintech, insurance, and asset management companies should also see benefit from tax reform. As a result, many of these companies have provided upward earnings guidance as a result of the impact of the lower corporate rate.

Overall, tax reform should have a positive impact on U.S. economic growth. From the consumer perspective, spending should rise due to likely wage increases as a portion of excess corporate earnings is allocated. We believe that many current holdings, including select regional banks, property and casualty insurance companies and fintech companies, will be in a better position to grow their operations and participate in mergers and acquisitions opportunities.

For example, many banks will look to purchase strong small- and mid-sized deposit franchises in growing markets to diversify their funding sources and loan portfolios. We also expect large-cap technology companies to broaden their exposure to financial services through acquisition.

Q2. *What is your perspective on valuations in the financial sector?*

From our perspective, financial stocks offer attractive valuations relative to the market considering their growth potential. The sector still trades at attractive levels with a forward price-to-earnings ratio of 18.7 versus 21.5 for the S&P 500 as of December 31, 2017. We expect double-digit earnings per share growth for many financial services companies over the next few years as these companies realize the benefits from greater efficiencies, the tailwind provided by tax reform and solid fundamentals.

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Morningstar Rating™

Overall Rating as of December 31, 2017

★★★★★

As of 12/31/17, Class A shares rated 5 stars among 100 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 without adjustment for sales load.

Tickers

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

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 $11.25 billion in assets as of December 31, 2017. 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. *Would you please provide an update on technological innovation in the financial sector?*

The fintech companies we own in the portfolio benefit from the need for banks and insurance companies to remain competitive, innovative and expense conscious. Many large technology companies are exploring entering the financial sector as a potential new market. New competition adds pressure for more traditional financial service companies to sharpen their product and service suite.

Cybersecurity also continues to be an area of investment as fintech and banks partner to safeguard consumer information in this increasingly difficult hacking environment. Lastly, block chain technology is also an area of interest as many financial companies and consumers seek even more efficient and direct ways to transact. While it is still early days, this will be a development worth monitoring. ■

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 A shares of the Fund were rated against 100, 94, and 72 Financial funds over the 3-, 5- and 10-year periods, respectively. With respect to these funds, Class A shares of the Fund received Morningstar Ratings of 5, 4, and 5 as of 12/31/17. 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. 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.

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.

The **S&P 500 index** is a broad-based unmanaged index of 500 stocks, which is widely recognized as a representative of the equity market in general. One may not invest directly in an index. **Earnings per share** is a company's profit divided by its number of common outstanding shares. **Price-to-earnings** measures a company's current share price relative to its per-share earnings.

1919 Funds are distributed by Quasar Distributors, LLC.