1919 Financial Services Fund

June 30, 2018

Commentary

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

Q1. *Were the recent changes in bank legislation a positive for the industry?*

From our perspective the recent changes in bank regulations benefit the industry. The spirit of these developments has been to simplify compliance procedures and better clarify expectations pertaining to regulations. We believe significant progress is being made as a result. For example, raising the systemically important financial institutions (SIFI) threshold from $50 billion to $250 billion in assets means that banks are less concerned about increasing compliance costs linked with the previously stricter scrutiny as they approach $50 billion. This is good news for regional and community banks and may encourage more merger and acquisition activity as a result. We also noticed that in last month's stress tests and Comprehensive Capital Analysis and Review (CCAR) results that there is more of a dialogue between the Fed and the largest banks. In addition, greater clarity around the Volcker Rule has simplified compliance procedures for larger banks. With clearer regulatory expectations and a lighter compliance burden for institutions, we believe larger banks are well-positioned to confidently and effectively manage both growth and expenses.

Q2. *Have any new investable themes emerged in the financial services sub-sectors?*

We have identified a number of developing investable themes that we believe the Fund is well positioned to capitalize on including:

- **An Accelerating Investment in Technology:** Competition from technology companies that have been eyeing the financial services sector for new markets and customers is spurring financial companies to invest in technology. The goal behind these additional technology expenditures is to enhance the customer experience and stay relevant in this increasingly digital world. The result is an improvement in these financial companies' operating efficiency. Also, this focus on technology should benefit the Fund's fintech holdings, in particular, as we move forward.
- **Volatility Fueling Trading Activity:** Increased volatility in the markets in 2018 has recently fueled greater trading activity. As a result, many of the mid- and large-cap banks/brokers and exchanges in the Fund's portfolio should enjoy increasing trading revenue.

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Morningstar Rating™

Overall Rating as of June 30, 2018

★★★★★

As of 6/30/18, Class I shares rated 5 stars among 95 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 $11.3 billion in assets as of June 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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- **Growth in Demand for Real Time Payments:** Person-to-person payments (P2P) has been a focus for many larger banks. Interestingly, we are seeing that customers demand digital services but also still expect branch support. Commercial loans, mortgages, home equity loans and wealth management, for example, are still services where a client may want to visit a branch office. Rather than focus on only one delivery method for providing services, a combined clicks and mortar strategy is often needed.

Q3. *What is your perspective on M&A activity in the financial services sector?*

There has been a pick-up in M&A activity and we are seeing transactions among banks, insurance companies and other financial services firms. The Fund's exposure to small- and mid-cap companies across multiple financial sub-sectors positions it to benefit from this increased M&A activity. ■

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 95, 90, 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 6/30/18. 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.

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.

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