1919 Maryland Tax-Free Income Fund

June 30, 2018

Commentary

Morningstar Rating™

Overall Rating as of June 30, 2018

★★★★

As of 6/30/18, Class I shares rated 4 stars among 143 U.S. Municipal Single State Intermediate 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: **LMMIX**
Class A: **LMMDX**
Class C: **LMMCX**

Portfolio Management

R. Scott Pierce, CFA
Portfolio Manager

R. Scott Pierce, CFA manages the Fund and is a Managing Director and the Head of Fixed Income within 1919 Investment Counsel. 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.

Portfolio Manager Scott Pierce provides insight into current opportunities in the Maryland municipal market.

Q1: ***Has there been any notable Maryland municipal bond issuance in Q2?***

Maryland municipal bond issuance has declined 37% year-over-year as of May 31, 2018 while nationally issuance is down 22% year-over-year. In addition, in the summer months, municipal bond issuance does tend to slow. As such, we believe there are few, if any, particularly attractive issues in the pipeline. Outside of issues from Howard County and Maryland Department of Transportation, as well as a relatively large $400 million Prince George's County deal in early May, there were no meaningfully sized deals in excess of $100 million during the quarter.

As we look forward, outside of the State's $510 million deal in August, we see little visible supply on the horizon. Compounding the difficulty of finding attractively priced bonds, the Maryland Transport Administration (MDTA) is using excess cash instead of newly issued securities to call nearly $500 million of outstanding bonds in early July. The call proceeds will be looking for a new home in what is already an environment of strong demand.

Q2: ***In light of the Tax Cuts and Jobs Act of 2017, are you finding any additional pick-up in the refinancings of high-cost, tax-exempt issues into taxable munis?***

Year-to-date there have been no taxable refunding deals in Maryland of note. As of now this is not a surprise given the significant refunding activity towards the end of 2017 as municipalities looked to refund outstanding, higher yielding debt ahead of the elimination of advance refundings and other uncertainties driven by tax reform. As a result of that earlier activity, most bonds that could have been profitably refunded already have been. In addition, as interest rates are higher this year versus recent experience, it has become harder for issuers to refund a tax-free bond issued in a previously lower interest rate environment, especially with a taxable bond. As time goes on, we expect the volume of taxable municipal issuance to rise, however, especially with the socially responsible space.

Q3: ***How is the Fund positioned in this rising rate environment?***

We expect the Fed will continue to raise rates and that Treasury issuance to fund rapidly rising fiscal deficits will pressure long-term yields in all fixed income markets modestly higher over the next year. As such, we remain conservatively positioned

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with a Fund duration of 3.61 years at quarter-end. We continue to look for opportunities that will contribute to the Fund's yield while being mindful of principal protection as yields rise. While supply is tight in the current environment, our home team advantage in time should help us identify opportunities across the state that may be overlooked by others not dedicated to the local market.

Q4: *What is your economic outlook for the remainder of 2018?*

Our outlook for 2018 growth remains positive in light of the strong economic growth in the U.S. While we have seen trade rhetoric fuel market volatility, we expect economic growth to continue as business spending picks up in an already solid retail environment. As such, rates should continue to move higher with two more Fed Funds rate increases anticipated this year and higher bond yields overall. This should drive greater opportunity for income-oriented investors able to take advantage of the move. ■

Disclosure

Past performance does not guarantee future results.

Municipal bonds, taxable debt obligations and other asset classes have different risk-return profiles, which should be considered when investing. All investments contain risk and may lose value.

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 143, 140, and 117 U.S. Municipal Single State Intermediate 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 4, 4, and 4 as of June 30, 2018. 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. Bonds are subject to a variety of risks, including interest rate, credit and inflation risks. As interest rates rise, bond prices fall, reducing the value of a fixed-income investment. Municipal securities purchased by the Fund may be adversely affected by changes in the financial condition of municipal issuers and insurers, regulatory and political developments, uncertainties and public perceptions, and other factors. The fund is non-diversified, meaning it concentrates its assets in fewer individual holdings than a diversified fund, specifically in the State of Maryland issues. The Fund is susceptible to adverse economic, political, tax, or regulatory changes specific to Maryland, which may magnify other risks and make the Fund more volatile than a municipal bond fund that invests in more than one state. Income from tax-exempt funds may become subject to state and local taxes and a portion of income may be subject to the Federal Alternative minimum tax for certain investors. Please see the Fund's prospectus for a more complete discussion of these and other risks, and the Fund's investment strategies.

Duration is a measure of the sensitivity of the price, the value of principal, of a fixed-income investment to a change in interest rates and is expressed as a number of years.

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.

Nothing contained in this communication constitutes tax or investment advice. Investors must consult their tax advisor for advice and information concerning their particular situation.

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