1919 FUNDS

1919 Financial Services Fund

March 31, 2024

Commentary

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

Portfolio Managers Charles King and John Helfst provide insight into opportunities in the financial sector.

Q1. *Would you please share your perspective on the financial services sector and banks, in particular, as we move forward in 2024?*

Higher deposit costs and the migration of non-interest-bearing deposits to more attractive interest-bearing accounts continue to challenge the banking industry. The yield curve has been inverted for the last two years, which has been a difficult operating environment. The last time we saw an inverted yield curve for this long was in the early 1980s.

We expect banks to rally once the Federal Reserve starts to cut rates. There is a compelling potential upside to financial stocks in terms of increased earnings, lowering deposit costs, and improving debt service coverage ratios that should occur as Fed funds rate cuts are implemented. Meanwhile, larger banks are weathering the storm better than their smaller cohorts, who are having greater difficulty covering their deposit costs. For mega-cap banks, growth is coming from increased credit card usage by consumers, and fixed income and commodity trading.

Q2. *How is the Fund currently allocated among banks, fintech, insurance, and other financial companies?*

The Fund's well-diversified portfolio provides exposure to compelling opportunities across a broad spectrum of financial services subsectors. For example, as of March 31, 2024, 41% of the Fund's portfolio was allocated to banks, 21% to insurance, 20% to fintech, 10% to wealth management, 5% to trading exchanges, and 2% to REITs with the remainder in cash.

From the portfolio holdings perspective, JPMorgan Chase & Co. continues to be a dominant performer for the Fund, up 16% as of March 31, 2024, followed by Bank of America, up 11%.* Both these larger banks enjoy attractive revenue streams from diversified business lines, including investment banking, payment processing, and wealth management, among others.

Q3. *Would you please provide an example of another portfolio holding that has proven to be a steady contributor to the Fund's performance despite the challenging environment?*

Verisk Analytics, Inc., a leading strategic data analytics and technology partner to the global insurance industry, is an example of a portfolio holding that continues to perform well.* Using advanced data analytics, scientific research, and deep industry

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Morningstar Rating™

Overall Rating as of March 31, 2024

★★★

As of 3/31/24, Class I shares rated 3 stars among 96 US 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.

Portfolio Management

Charles C. King, CFA
Portfolio Manager

Mr. King is the Chief Investment Officer at 1919 Investment Counsel and a Portfolio Manager for the 1919 Financial Services Fund. He has over 38 years of industry experience.

John F. Helfst
Portfolio Manager

Mr. Helfst is a 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 $22.6 billion in assets as of March 31, 2024. 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.

knowledge, Verisk helps clients strengthen operating efficiency, improve underwriting and claims outcomes, combat fraud, and make informed decisions about global risks, including climate change, extreme events, and political issues. As the only provider of its kind for the insurance industry, Verisk enjoys a wide competitive moat and is uniquely positioned for potential growth.

Q4. *How may AI (artificial intelligence) be a catalyst for growth in the financial services sector?*

Over time, we expect AI innovations to help enhance productivity, reduce costs, and increase customer service satisfaction, among other benefits. While larger financial services firms may invest in developing their own generative AI-based solutions, smaller institutions will likely adopt outsourced solutions to compete. There could be an opportunity for high-performing and innovative fintech companies to offer these smaller financial services companies, such as smaller banks, AI-based solutions, benefiting both from a growth perspective. ■

Disclosure

*JPMorgan Chase & Co., Bank of America, and Verisk represented 7.17%, 3.63%, and 1.98% of the Fund's portfolio as of 3/31/24.

The **S&P 500 Financial Index** is an unmanaged index that comprises those companies included in the S&P 500 that are classified as members of the GICS® consumer financials sector. **The S&P 500 Index Index** is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. One cannot invest in an index. The **price-to-earnings (P/E) ratio** is the ratio for valuing a company that measures its current share price relative to its per-share earnings.

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, 95, and 79 Financial funds over the 3-, 5- and 10-year periods, respectively. With respect to these time periods, Class I shares of the Fund received Morningstar Ratings of 3, 3, and 3 stars as of 3/31/24, based on risk-adjusted returns.. 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.

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. **Diversification does not assure a profit or protect against loss in a declining market.**

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.

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