



Important disclosures for the July 29, 2009 USA Mutuals Conference Call which appears below:

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Average Annual Returns As of 06/30/09	1 Year	3 Years Annualized	5 Years Annualized	Since Inception (8/30/02) Annualized
Vice Fund	-25.34%	-7.59%	0.75%	5.43%
S&P 500 Index	-26.21%	-8.21%	-2.24%	2.05%
Vice Fund Outperformance of S&P (basis points (bps))	+87 bps	+ 62 bps	+299 bps	+338 bps

Gross Expense Ratio: 1.87%

Net Expense Ratio: * 1.85%

*The Advisor has a contractual agreement to limit the Fund's Total Annual Fund Operating Expenses to 1.85% of average net assets of the Fund through 07/31/10.

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. The fund imposes a 1.00% redemption fee on shares held less than 60 days. Performance does not reflect redemption fee. Had the fee been included, returns would be lower. Performance data current to the most recent month end may be obtained by calling 1-866-264-8783 or visiting www.usamutuals.com.

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[Click here](http://usamutuals.com/vicefund/docs/Vice%20Fund%20Report.pdf) (<http://usamutuals.com/vicefund/docs/Vice%20Fund%20Report.pdf>) for current Vice Fund Holdings. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

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And Now....

Transcript of USA MUTUALS

Sin Investing: Potential Opportunities in Uncertain Markets July 29, 2009

Participants

Eric Lansky- President, USA Mutuals
Charles Norton, CFA - Portfolio Manager, USA Mutuals' Vice Fund
Dr. K.C. Ma - President of KCM Asset Management
Thomas Schumann - Chairman of German Tobacco Group

Presentation

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Operator

Greetings and welcome to “Understanding Sin Investing: Potential Opportunities in Uncertain Markets” with special guests, hosted by the USA Mutuals vice fund. At this time, all participants are in a listen-only mode. Due to the high volume of participants and the goal to address all questions, we ask that you email your questions to info@usamutuals.com at the end of the conference call. We will seek to address as many questions as possible, but if we don’t respond to your question on the call, an email response will be provided. As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Eric Lansky, President of the USA Mutuals’ Vice Fund. Thank you, you may begin.

Eric Lansky - USA Mutuals Vice Fund - President

Thank you very much. Good afternoon, everyone. Again, my name is Eric Lansky. I’m president of USA Mutuals which offers the USA Mutuals’ Vice Fund. I want to take a moment and just thank everyone for their participation today. I know it’s been a very busy market and activity over the last few months, and really the goal of today’s call is quite simple: it’s to provide a greater understanding, insights, and, ideally, appreciation for the widely known, but very little understood vice industries in the vice sector. At USA Mutuals our whole goal is to enable investors to invest their knowledge, and hopefully throughout today’s call we’ll enable you to enhance your knowledge of what we believe are potential investment opportunities afforded in the vice sector.

It’s quite interesting, when we discuss with potential shareholders the Vice Fund, there’s usually a reaction, and what we’ve learned is that whatever they may know and believe they understand about the industry, there’s so much they don’t understand and really appreciate. Today’s call, we’re really privileged to have a representative from academia, Dr. Ma, who will provide some insights from his research looking back over 30 years and a performance of sin and vice-related stocks as well as really provide a first-hand perspective of one of the industries. We have Mr. Thomas Schumann, who is chairman and co-founder of German Tobacco. As the operator had mentioned, unfortunately, we’re probably not going to be able to take calls live, but we encourage you to send your questions to info@usamutuals.com, and you can send them during the conversation. What we will do is try to address them at the end, but if we are unable to what we’ll do is address them personally at the end of today’s call.

I’d like to introduce Charles Norton, CFA. Charles is the portfolio manager of the USA Mutuals Vice Fund, and what Charles will be doing today is introducing each of the guests and helping to moderate the discussion, as well as asking the questions that have been posed to him to each of the speakers. At the end of today’s call, Charles will also provide his insights and outlook, and really the strategy behind a vice fund and, again, try to address as many questions as possible. But we really do appreciate everyone’s participation and the opportunity to better inform and educate around the vice industry and the vice fund. With that being said, I will introduce it to Mr. Charles Norton.

Charles Norton – USA Mutuals Vice Fund - Portfolio Manager

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Thanks, Eric. Well, it's a great pleasure to introduce our first guest, Dr. K.C. Ma, who co-wrote an interesting article with Frank Fabozzi that was recently published in the *Journal of Portfolio Management*, titled "Sin Stock Returns." In the study, he presents empirical evidence that shows sin stocks have a history of out-performing the market on a risk-adjusted basis. Dr. Ma is a Roland George professor in the School of Business Administration at Stetson University and president of KCM Asset Management. Dr. Ma?

Dr. K.C. Ma - KCM Asset Management - President

Thank you very much, Charles. I first have a disclaimer. In our KCM portfolios today we don't have any positions, long or short, in this sector particularly.

Let me first give you a little background where this study's coming from. As Charles mentioned, I'm a professor for a student-managed fund program at Stetson University, Florida. This is a program for student managed real money. About a year ago, one of my students recommended a stock, RICK, in our trustee meeting. This is a company-owning gentlemen's clubs. I will spare you all the classroom fireworks that it caused on his recommendation, but in the end the stock was rejected by the faculty trustees for the reason that it simply won't look good.

Students are obviously uninhibited, and they possess what I think, call "animal spirit," I like to say that, and of course, they were utterly surprised at people's strong reaction, especially personal reaction to this particular recommendation. This is why we decided to do this research. Now, the objective of this research is to understand the historical performance of this part of the stock universe, and also ask the question whether people incorporate their personal values and judgments in their financial investments. That's the bigger picture we want to understand more.

When we first looked at the literature, we found that virtually there's no published work in the mainstream finance journals. Now that itself will tell you something that the sector is not considered a mainstream sector, so we started from scratch in defining what industry should be considered sin industries. ... back that that was a fun process, too, but after many, many debates we somehow reached a consensus. Eventually, we included stocks in six industries—alcohol, tobacco, defense, bio-tech, gaming, and adult services. These are six industries we include and consider the sin industries. The sample eventually has 308 stocks, and covers 21 countries for a period between 1970-2007, so it's over 37 years. We believe this is the largest sample ever collected in this space for this particular issue.

We look at the performance, of course, first historically. What I want to impress on you is that for almost 40 years the average sin stock return produced an annual return of 19%. Let me put that in some perspective. The average stock in the world will produce average of about 8% a year. Now, sin stock produced 19% a year and over a 40-year period. Now, the result is strikingly uniform. Every sin industry produced an annual return of about at least 13% a year, and this ranged from 13% for alcohol industry to 34% for the gaming industry. A similarly impressive pattern is also observed for the sin stock in all 21 national markets, 21 countries. In 16 of the 21 countries, the sin stock produced double-digit annual returns.

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We also looked at how the return compared with the market, just average market index. Now, at the portfolio level we find the excess returns, that's what we usually say, compared to raw return with the market index. The excess return is somewhere between 11-14% a year, and the lowest will be 5% for a Dow industry, and the highest will be 26% for the gaming industry. Virtually in every country we look at, the sin stocks outperformed the market averages. Even on the downside, the performance is impressive. In the 37-year time period we're looking at, the sin stocks only had two down years. Compared with the market in that 37 years, there were nine years in 37 years were down, and the sin portfolio also generated double-digit positive returns in 31 out of 37 years. They outperformed the market, as I say, probably in pretty much most of the countries 35 out of 37 years. There is clear evidence there is a return premium in these stocks, and there's an economic benefit that's associated with investing in the facilitation of sinful consumption. Also, we conclude that the evidence that the financial market appears to associate with the social values the investor has.

Now, we have a question here is why there's a difference? Why there's a premium in the sin stock industries? We concluded two sources to explain this return premium. You may receive an economic gain simply for not conforming to the social standards because it costs companies, both implicitly and explicitly, to uphold some sort of regulation or to meet the social standards. Also, there's a pricing discount because sin stock is initially undervalued due to this negative reputation of an average investor.

Now, ironically, these industries are the hardest to start, most closely monitored, and most severely disciplined by social opinion, but unlike other monopoly businesses they are the least regulated in terms of pricing. Every day you can hear the local utility company request a rate increase, but you never heard that the makers of cigarettes, alcohol, and the casino need to ask permission to raise their prices, so they have much more pricing power than a traditional monopoly. Therefore, the positive risk-adjusted return we find also the sin industry we have is coming from that once they operate with a license, once they've got a license to operate, they can enjoy the excess profit from what I call "the near monopoly."

Finally, I have a personal note about this particular sector. The trustees or fiduciaries who develop the institutional investment policy statements, they should fully understand what we are reporting here. The economic consequence of just simply screening out stocks or companies that produce a product which is inconsistent with your own personal value system, the cost of doing that is very significant. I think they should question if the opportunity ... to uphold a personal view is whether that issue is worthwhile. I think no matter how noble the effort of upholding some social standard, doing so by screening out sin stock in an investment portfolio is the least effective way to accomplish that goal.

Worse yet, when trustees impose social value as constraints on investments, a more important question should be asked: is that ... of any economic factor is their decision to make? Even if it is, how can a handful of people envision the value of the entire group, or should the majority value prevail in the first place? I will conclude by quoting Milton Friedman in 1970. He said that "One advantage of a free economy is that minorities, however unpopular, find business that will cater to their tastes. There's no reason why any minority or moral majority, for that case, should impose their own value system on the rest of the society." Charles?

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Charles Norton – USA Mutuals Vice Fund – Portfolio Manager

Thank you, Dr. Ma. You had some very, very strong points there, and in many ways it confirms our own work. This is Charles Norton speaking, the Vice Funds portfolio manager. If any of our listeners today have any questions for Dr. Ma or would like a copy of his entire paper, please email info@usamutuals.com, and we will get to as many of those questions as time allows. In the meantime, let me get started.

You presented some pretty compelling return data, Dr. Ma. How correlated are the sin stock returns with respect to the broader stock market. Did you find the excess returns to be greater during broad market contractions or was there little correlation?

Dr. K.C. Ma - KCM Asset Management - President

Okay, that's a great question. If we look at the last about 40 years, and we are trying to entertain or test the argument whether the sin stock industry is generally perceived as a recession-proof industry. We have several interesting results to show you. First, that the average sin stock has a beta of 0.5, which means they tend to move half of what the average market moves just over time, so that would be considered less risky. Secondly, if we look at about 40 years period, there were about, in the United States, there were about six major recessions. On average, the sin industry ... went down only 60% of an average industry. Also, usually they take them six to nine months later to react to the general cycles.

I think the reason is that the sin industry usually caters to people who have excess time to spend, so they have some sort of a downside protection. When people lose their jobs, they have extra time, then they tend to consume more of these services, at least in the beginning of a recession, and this is the reason why every sin stock has a beta of 0.5. That's the correlation that we see, but we also see that in the down market, usually in the bear market cycle, the stock return of sin industry tends to go down much smaller and, as I say, their profits, the industry profits will go down later, but the stock return will go down much smaller than the average stock in the stock market.

Charles Norton - USA Mutuals Vice Fund– Portfolio Manager

Okay, as a followup, and you partly answered this, but just to make it clear, vice industries are recession resistant. Based on your data, would you say that's fact or fancy?

Dr. K.C. Ma - KCM Asset Management - President

We have very strong evidence say this is a fact. Now, I do have a little reservation here, usually, is all the historical recessions we see very strong evidence that it's a recession hedge or recession proof, except in the most recent recession we are experiencing now, everybody probably agrees this is probably the largest ever or the deepest ever recession. We did see in the second half of our current recession, which is when a recession going through such a long duration and such a deep, in terms of the extent, the sin industry also suffered like everybody else, but that's probably the only exception we saw for so many recessions we examined.

Charles Norton - USA Mutuals Vice Fund – Portfolio Manager

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Okay, actually, we just got one question come in, and if you could just clarify, what were the so-called sin industries. I believe there were six of them. Could you just spell those out for the people ...?

Dr. K.C. Ma - KCM Asset Management - President

Yes, the six we include, at least in our study which is pretty much agreed among the practitioners, are the industries regarding the consumption and manufacture of alcohol, the tobacco industry, the defense industry, certain parts of the bio-tech industry, the gaming industry, and adult services.

Charles Norton - USA Mutuals Vice Fund – Portfolio Manager

Okay, thank you. Just to be clear for those listeners unfamiliar with the Vice Fund, at the Vice Fund, we focus on only four of those—beverages, tobacco, gaming, and aerospace defense. Then, finally, again, if there're any other questions, please email info@usamutuals.com, and we'll try to get to them, but just to wrap up here with Dr. Ma, what produced the historical higher returns that you mentioned?

Dr. K.C. Ma - KCM Asset Management - President

There are many hypotheses to explain, and we conclude two. One is that just because we have just such a negative reputation in general with the whole sector, and there are people, there's a group of participants in the market tends to under price the stock to start. For people who are not affected by that, this will be a good buy, so there's the original under pricing or discount. Later on, then, when the industry in business, then they purchase a monopoly power in terms of operate and then they can earn almost like monopoly profits without the pricing constraints, so then the profit will pick up. You have two sources of return to explain why the sin stock produces such high return.

Eric Lansky - USA Mutuals Vice Fund - President

Thank you, Dr. Ma. Thank you, Charles. This is Eric Lansky again. I know we're, I'm seeing a lot or questions coming in, and what we'll do is, and again, please continue to send your questions into us at info@usamutuals.com. If we are unable to address it on the call, we will respond directly to you.

At this time, I'd like to introduce Mr. Thomas Schumann, who is the chairman and co-founder of German Tobacco Group. The thought of having Mr. Schumann participate in today's call was to provide really a first-hand perspective of running and operating within one of the so-called sin stocks and sin industries. I will turn it back to Charles Norton who will then introduce Mr. Schumann and begin the discussion, thank you.

Charles Norton - USA Mutuals Vice Fund – Portfolio Manager

Mr. Schumann, thanks for participating in this call. First, I would like to mention for our listeners that the Vice Fund does not maintain an investment in Mr. Schumann's company, German Tobacco Group. Still, to get the conversation started, Mr. Schumann, why did you choose to get into the tobacco business to begin with?

Thomas Schumann - German Tobacco Group - Chairman

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Good afternoon, Mr. Norton. Actually, for two reasons, the first reason was for missionary purposes. I'm a strong believer and proponent of human freewill, and I believe that each of us chooses health or disease, and the second reason very, very clearly, for the money. Tobacco is the highest-regulated consumer goods product. The industry represents the world's largest fast-moving consumer goods segment, and the industry's extremely stable and lucrative. These were the main reasons why I choose and I feel comfortable to operate in tobacco.

Charles Norton - USA Mutuals Vice Fund – Portfolio Manager

Okay, for the benefit of our listeners, what's your outlook for the global cigarette market in terms of price and volume trends, and do you believe international governments have become more rational in terms of implementing excise taxes?

Thomas Schumann - German Tobacco Group - Chairman

Let me first say that tobacco has been around for more than 3,000 years. It was originally harvested by the Mayans and then the Native Americans for medicinal purposes, and I truly believe that it will be around for another few thousand years. The outlook on tobacco is that cigarette consumption is declining in the western world, western hemisphere, which is North America and Europe by roughly 1-5%, actually, per year, but on a ... basis, globally, cigarette consumption is growing between 1-10%. The major growth is actually happening in developing emerging markets. We currently have an annual consumption on the planet of roughly 5.8 trillion cigarettes per year and 20% of the global population is smoking. It's very obvious that this will not change very quickly in the next decades.

Charles Norton - USA Mutuals Vice Fund – Portfolio Manager

Okay, seeing that you have a first-hand perspective as an industry insider, can you provide us some real life perspective on the profitability of cigarettes and the degree of pricing power currently enjoyed by tobacco companies?

Thomas Schumann - German Tobacco Group - Chairman

Let me also add to the second part of the question you mentioned, it's very, very important that people understand that the major beneficiaries of tobacco consumptions are governments. They have a very hypocritical strategy on pointing out to the tobacco industry as being the bad boys and discriminating consumer smokers, but governments are the main beneficiaries. Just to give you some numbers, the annual tax income in Germany for last year was €14 billion in tobacco taxes. It's the fourth largest revenue generator in Germany. In the U.S. and was in 2008, the U.S. federal tax revenue from tobacco was approximately \$63 billion, so governments have no interest at all that tobacco ceases, and they were actually the ones back in the days who had the monopoly over tobacco. We still have 15 state-owned tobacco monopolies in the world, so you have to understand that tobacco consumption and governments' interest is very, very closely aligned.

In terms of some industry facts or pricing power, it's probably very astonishing, also, to our listeners that the manufacturing cost of a pack of cigarettes which contains 20 cigarettes is approximately between \$0.15 and \$0.25 per pack, so it comes down to roughly a cent per cigarette. I'm speaking of U.S. dollars. Looking at retail, again, in the western hemisphere, let's take the U.S. for example, where a pack of 20 premium

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cigarettes retails for \$4 to \$5, you will understand where most margins are and, obviously, the governments are the biggest beneficiaries of these sales.

Charles Norton - USA Mutuals Vice Fund – Portfolio Manager

Okay, and then finally, a lot of people have been seeing heightened regulation in the news and wondering about, frankly, the survival of tobacco. From an investment perspective, we're not at all concerned about the FDA overseeing tobacco for a number of reasons, but I'm sure the listeners would be interested in hearing your thoughts.

Thomas Schumann - German Tobacco Group - Chairman

Well, my thought on that and actually the facts are that, speaking of the U.S. since we're obviously talking about the FDA, the cigarette consumption in 1981 was roughly 641 billion cigarettes, and that has been constantly declining, and in 2008 we had roughly 345 billion cigarettes consumed in the U.S. The estimate for 2011 will be approximately 314 billion cigarettes, so you can see there is a decline, a substantial decline, especially in the U.S. I personally contribute that to the fact that anti-tobacco organizations are having some results, but I think that people are becoming more aware about the health consequences and the health detriments smoking can cause. I see that as a good thing.

On the other hand, it's very interesting, also, and it's anti-cyclical, that the U.S. tobacco companies are making at least the same amount of money or making more money with less consumption. How that works, I think Dr. Ma already elaborated on that. In terms of the pricing power there is really no regulations, so basically, if you sell less cigarettes on behalf of the government, you just raise the tobacco taxes, which just happened in California April 1. The government realized they need some more money, and a bill was signed that a pack of cigarettes here in California costs \$0.61 more per pack. That's a tremendous amount of money.

In terms of the FDA, my personal take on that is that the FDA is a government organization. The government is bankrupt. The government needs money, and it's highly depending on these tax and tobacco excise revenues. The question is what's the incentive of the FDA to also regulate tobacco, especially in light of that it has been unable to protect American citizens from poisonous fast food; toxic pharmaceuticals; obesity; food and drug-related heart disease; polluted soil, water, and air. I see it almost grotesque that the FDA now is also overseeing and trying to regulate tobacco.

I think, my personal view on that is that the only way that this, if you want to see it as a societal problem, it can be handled and people can be inspired to live a more healthy lifestyle is an honest, transparent, educational attitude from all parties involved. That's predominantly how the governments, also the consumers, the manufacturers, and society at large, only by that, by raising the awareness that tobacco really can cause health problems, I think, that eventually might change the consumption methods and also sales of cigarettes.

Again, you also have to take in mind the big picture on a global scale that many, many developing emerging nations and markets where actually multi-nationals are more and more focusing on and these consumers over there, they have not been privy to

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consuming cigarettes or premium cigarettes and, obviously, they will now more so seek cigarette consumption. That's where the growth comes from. This is a process which will pan out probably over the next ten years, but it's very, very clear that in the western markets, cigarette consumption, tobacco consumption, is not as hip as it used to be decades ago.

Dr. K.C. Ma - KCM Asset Management - President

Charles, can I add something?

Charles Norton - USA Mutuals Vice Fund – Portfolio Manager

Yes, please.

Dr. K.C. Ma - KCM Asset Management - President

This is K.C. Ma again. I want to add some numbers for Thomas' argument. We've found this information that across, the same information that Thomas mentioned, across all industry in these sectors ... in these sectors, historically, are most exposed by public opinion. I think we all agree with that. There's a growing trend all over the world for the regulatory, for the political, social, environmental pressures on these particular sectors. Now, the bottom line is I think the governments all over the world know this is one of the largest sources of revenue, and I don't think they'll ever give it up.

Now, the quantity of consumption of all these services may decline, but the pricing power will grow more than offset the quantity decline. The bottom line you're going to see are continued growth in the long-term in this particular sector. I'll give you some numbers. We were looking at the market cap, which is the market value of all these industries, how they've changed over the last 37 years we look at them, there was a 200 times increase all over the world—200 times, not 200%, 200 times. The market value increased 200 times for the last 37 years, so the number speaks for itself. This is a growing sector.

Thomas Schumann - German Tobacco Group - Chairman

Dr. Ma, let me maybe kindly add something to that as well which I was just reminded of. Forty percent of the global tobacco consumption actually comes from China. Every third cigarette on this planet is consumed in China. China is one of the last and the most prominent state tobacco monopolies when it comes to tobacco. They even haven't internationalized themselves yet, so the Chinese are actually the leaders in the world followed by the four modern national companies which rule this industry. Interesting fact is that the sixth-largest tobacco manufacturer would actually be illicit trade if you combine that. Even if the government would prohibit the sale and use of tobacco, you have a very, very large illicit trade which obviously would increase. To answer your question before, the outlook on tobacco, as long as there are people on this planet who like to enjoy the consumption of tobacco there will be tobacco around, and that's just a matter of the fact.

Eric Lansky - USA Mutuals Vice Fund - President

Thank you very much, Thomas, and if anyone has any additional questions or would like to find out more information about the tobacco industry, Thomas has been kind enough to share his email address of info@thomasschumann.com, and you can find out more information about Mr. Schumann at ThomasSchumann.com.

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Again, thank you, Dr. Ma and Mr. Schumann for your insights. Again, please continue to send us questions at info@usamutuals.com. Most likely, we're not going to be able to address all questions, but we'll be happy to respond directly to you. Also, in terms of additional information on the Vice Fund, you can find information at USAMutuals.com where we provide insights and outlook that Charles will be providing some updates on that shortly, but also complete fund holdings and fact sheets.

I'm now going to turn it over to Charles Norton, who will provide some thoughts and outlook on the USA Mutuals' Vice Fund and the sectors in which we invest. Charles, thank you very much.

Charles Norton - USA Mutuals Vice Fund – Portfolio Manager

Thanks, Eric. First, I'd like to again thank our outstanding speakers, and I'd just like to conclude by offering some final thoughts and outlooks specific to the Vice Fund. First and foremost before we start, I want to highlight that as portfolio manager of the Vice Fund, our focus is to seek out investments where we think we can provide shareholder value, bottom line. We think that we can best do that by focusing on tobacco, beverages, gaming, and aerospace defense which have a lot of unique investment merit that Dr. Ma touched on in his presentation. The term "sin stocks" has been bounced around a lot during this call, but we don't consider these to be sin stocks, and we're, frankly, not making any moral judgment about the companies we invest in.

Here's how we see things shaping up in the sectors we follow in terms of ongoing trends, and I'll try to keep this brief because we've already, the call's already gone a little bit longer than we had anticipated. Tobacco right now is our highest conviction area. It makes up about 40% of the Vice Fund's capital base. What we're seeing is tobacco companies continue to enjoy tremendous pricing power, which means that the demand for cigarettes is relatively inelastic or not very responsive to higher prices. That's a function of a few things, like there's a lack of an alternative substitute, very strong brand equity, and limited private label penetration, and the fact that cigarettes are a habitual-use product. Pricing power is what matters most to tobacco company earnings, and it was a key driver of very strong second quarter earnings that we just heard.

We're pretty cautious right now on aerospace. The need for commercial aircraft is driven by global air traffic which is highly correlated to GDP growth, and global air traffic has been in freefall, so there's still a very large supply/demand imbalance in aerospace, and it'll only be corrected as airlines continue to cut capacity and the OEM/production rates to meet this lower demand.

On the defense side, we're selectively positive, I would characterize it as. Defense stocks are driven by budgetary cycles, not economic cycles, and right now we're at an inflection point in the budget cycle. We expect spending cuts to come in the supplemental budget that's tied to Iraq and Afghanistan, so overall, the positive budget tailwinds of the past decade that helped the entire sector are now winding down and stock selection is key within the sector, but on a stock-by-stock basis we still find some pretty compelling opportunities.

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We're positive in beverages, though certainly selective as well. What we're seeing there is consumers are drinking more at home now and less at bars and restaurants, and they're choosing more affordable brands, so super-premium isn't doing as well. An important point in light of the global economic meltdown is that still total U.S. spirits volumes, though growth has been slowing, are still going to be flat to slightly up for the year on a volume basis. On the brewers' side, we're looking for some margin expansion to start creeping into the income statements as input costs like aluminum and barley have declined significantly over the past year.

Finally, in gaming it remains pretty tough right now. We believe solvency risk is largely off the table with the credit markets opening back up, and balance sheets have been addressed with dilutive or expensive capital raises and some selective asset sales. Gaming revenue trends, though they've stabilized, they stabilized at a pretty low level, and they're bouncing around the bottom. They've stopped getting worse for the time being, but I think we still need some more evidence that a turn is at hand. We prefer the gaming equipment companies over the casino operators for the most part, but overall, we're very excited about the opportunities we're seeing within our universe and the outlook for the Vice Fund throughout the rest of the year.

Eric Lansky - USA Mutuals Vice Fund - President

Thank you very much, Charles. I appreciate it. That concludes today's call. We'd like to thank not only our guests, Dr. Ma and Mr. Schumann, but also each of you for participating in today's call. At the end of the day, the goal here at USA Mutuals is to provide great shareholder value and enable you to invest your knowledge. We hope that today's call helped to provide a better understanding and education around sin stocks and potential opportunities that they present. I know there was actually an article just this weekend titled, "Alcohol, Tobacco Stocks Weather Recession." There was a Tribune-syndicated column that, Charles, that's consistent with your comment you just shared about the alcohol and tobacco stocks, but, again, if there are any additional questions and/or requests of information for ourselves or our guests, please email us at info@usamutuals.com. The ticker for the vice fund is VICEX. It's a no-load fund available on most all platforms, and we encourage you to discuss it with your investment advisor. I greatly appreciate your time, and that concludes today's call. Thank you.

Operator

Thank you. Ladies and gentlemen, this concludes today's conference call. You may disconnect your lines at this time. Thank you for your participation.

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