



MUTUAL FUNDS COMMENTARY

Maintaining Focus on Picking Stocks

As most investors and advisors undoubtedly know, this was an unusually volatile quarter in the U.S. equity markets. The third quarter of 2015 was extremely challenging, with very volatile swings in the global markets. The small capitalization benchmark Russell 2000 fell 12.22%, with the S&P falling 6.44%; to many, it felt worse. On the morning of August 24, the Dow Jones Industrial average dropped by over 1,000 points, the largest drop since October 2008. It did recover somewhat, closing down 588 points that day. Cheap oil and the China slowdown appear to have clearly spooked many investors.

While the market has bounced materially since September 30, the discussion below will remain as of that date.

What worked in the quarter for the equity component of the Villere Funds?

- **Flowers Foods.** Shares of this producer and marketer of packaged bakery foods were up 17.7% in a tough quarter for the broad market, as the company continued to successfully grow its revenues and maintain margins. Flowers also announced the acquisition of organic breadmaker Dave's Killer Bread for \$275 million in cash.
- **Euronet Worldwide, Inc.** Shares of this provider of electronic payment services were up 11.3% during the quarter as quarterly earnings were solid and fears in the Eurozone have quieted.
- **Pool Corp.** Shares of this wholesale distributor of swimming pool supplies and equipment continued their steady march, up a modest but relatively enviable 3.4% (if you have a moment, check out the five-year stock chart (Ticker POOL) steady share appreciation plus dividends, it's a portfolio manager's dream).

What Didn't Work?

- **3D Systems.** Shares of this manufacturer of 3D printers, dropped 40.8% during the quarter, another disappointing period. While we continue to believe in this sector and company and have spent significant time with the management team, the share performance has been extremely painful since the stock's all time highs at the end of 2013.
- **Sanchez Energy.** Shale driller Sanchez announced very positive results and made great strides to improve its balance sheet, but the stock price was virtually unaffected. This company and its peers trade at the whims of the crude oil market, which has been spectacularly volatile and negative since mid-2014.
- **Men's Wearhouse.** Shares this men's dress clothing retailer traded off 33.4% during the quarter as investors were disappointed by performance of the company's acquired Jos A. Banks stores. We continue to believe that this management team is doing a good job of integrating the two companies. We believe investors will be rewarded over the longer term as Jos A. Banks stores improve to the level of the Men's Wearhouse stores.

Sticking to Our Knitting

The market continues to whipsaw as investors await, with bated breath, any utterances from Janet Yellen, statistics about China's growth, or Putin's Syria strategy. At Villere & Company, we spend our time speaking with the management teams of our companies, interviewing their customers, suppliers, and competitors, and evaluating their prospects. In short, we are laser focused on putting together a portfolio of our best ideas that we believe will outperform the overall market regardless of the macro environment. Our bias, as always, is to focus on stocks that

VILLERE BALANCED FUND PERFORMANCE (%)

9/30/2015	Total Return		Average Annualized			Cumulative
	Quarter	1 Year	5 Year	10 Year	Since Inception ¹	Since Inception ¹
Villere Balanced Fund	-9.25	-7.15	11.77	6.41	7.92	238.37
Lipper Balanced Fund Index	-4.59	-1.06	7.61	5.30	4.89	114.78
S&P 500 Index	-6.44	-0.61	13.34	6.80	4.52	102.90
Expense Ratio: 0.87%					¹ Inception 9/30/1999	

Performance data quoted represents past performance; past performance 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. Current performance data to the most recent month end may be obtained by visiting www.villere.com. As of the most recent prospectus, the gross expense ratio for the Villere Balanced Fund was 0.87%.

others overlook or shy away from due to temporary setbacks. While these mainly small- and medium-sized companies are frequently more volatile in the short run, we believe that over the long term investors will be rewarded for their patience.

Villere Balanced Fund

Designed for investors seeking a blend of primarily small and mid cap stocks as well as bonds, Villere & Company launched its Balanced Fund in 1999. Since its inception, as you can see in the accompanying table, the Fund has easily outpaced the S&P 500 Index as well as the Lipper Balanced Fund Index.

On a one-year basis through September 30, the Fund lagged both Indexes. Compared with its Morningstar Category, Moderate Target Risk, the Fund is ranked in top tier percentiles over the long term. (As of September 30, 2015, the fund ranked in the 95th percentile among 927 funds for 1-year, 1st percentile among 722 funds for 5-years, and 11th percentile among 481 funds for 10-years based on total return.)

Concerning our fixed income allocation, we are holding close to our minimum bond allocation as we believe that with interest rates near historical lows, bond prices seem to have nowhere to go but down. Consistent with that view, our bond portfolio currently has a duration of just below four years. Our bond allocation is primarily designed to help temper downside portfolio risk. That said, 7% of the bond portfolio is below investment grade bonds—these are mainly

situations where we know the company and management team from our equity research. We generally prefer to buy a bond when issued and hold it to maturity.

Villere Balanced Fund Top Contributors & Detractors

Top Performers — Balanced 3/31/2015-6/30/2015	Portfolio Weight (%)	Return
Flowers Foods Inc.	5.83	17.72
Euronet Worldwide Inc.	1.69	11.33
Visa Inc.	5.55	3.91
Pool Corp.	5.69	3.40
Kearny Financial Corp.	2.86	2.96
Bottom Performers — Balanced 3/31/2015-6/30/2015	Portfolio Weight (%)	Return
3D Systems Corp.	2.54	-40.83
Sanchez Energy Corp.	1.26	-37.25
Men's Wearhouse Inc.	5.58	-33.34
Financial Engines Inc.	2.64	-31.49
Sotheby's	5.98	-29.11

VILLERE & CO.

Investment Counsel Since 1911™

VILLERE EQUITY FUND PERFORMANCE (%)

9/30/2015	Total Return		Average Annualized		Cumulative	
	Quarter	1 Year	5 Year	10 Year	Since Inception ¹	Since Inception ¹
Villere Equity Fund	-12.11	-9.44	N/A	N/A	0.22	0.52
Lipper Mid Cap Growth Fund Index	-9.25	1.35	N/A	N/A	9.05	22.42
S&P 500 Index	-6.44	-0.61	N/A	N/A	9.49	23.56

Expense Ratio: Gross 1.21%; Net 1.26%

¹Inception 5/31/2013

Performance data quoted represents past performance; past performance 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. Current performance data to the most recent month end may be obtained by visiting www.villere.com. Investment performance reflects fee waivers in effect. In the absence of such waivers, total returns would be reduced. The Fund imposes a 2.00% redemption fee on shares held for less than 60 days.

The advisor has contractually agreed to reduce its fees and/or pay the fund's expense through December 31, 2015.

Villere Equity Fund

The Villere Equity Fund was launched in 2013 to meet the needs of investors who wanted an equity portfolio similar to the Balanced Fund but without the bonds. Emphasizing opportunities for the growth potential found in small- to mid-sized companies, the Fund is grounded in the same disciplined approach Villere & Co. has been applying to its investments for more than a century.

As of September 30, the Fund returned -12.11% for the quarter, lagging its benchmarks, the S&P 500 Index and the Lipper Mid-Cap Growth Fund Index, which returned -6.44% and -9.25% respectively.

Generally speaking, the stocks held in the Villere Equity Fund will tend to be similar (but not identical) to the equity portion of the Villere Balanced Fund. Individual stock weightings will also differ between the two funds.

Summary

As active managers, we often rely on our long-term perspective to buy stocks that face the kind of short-term setbacks which might frighten investors with shorter-term views.

We typically hold stocks for three to five years or more. In addition to minimizing trading costs, this long holding period orientation can help create a lower tax burden for our taxable investors. Our philosophy at Villere & Co. does not include worrying about what happens in China – or at the Fed – anyway. It does include an exhaustive analytical effort to find, research and select good companies for our shareholders.

Thank you for your confidence in the Villere Funds.

St. Denis J. Villere, George G. Villere, George V. Young,
St. Denis J. Villere III, Lamar G. Villere, CFA

Applying our long-term perspective, we endeavor to find good stocks which are undiscovered or out-of-favor.

Villere Equity Fund Top Contributors & Detractors		
Top Performers — Equity 3/31/2015-6/30/2015	Portfolio Weight (%)	Return
Flowers Foods Inc.	5.67	17.72
Euronet Worldwide Inc.	2.04	12.69
Visa Inc.	5.17	3.91
Pool Corp.	5.17	3.40
Kearny Financial Corp.	2.80	2.96

Bottom Performers — Equity 3/31/2015-6/30/2015	Portfolio Weight (%)	Return
3D Systems Corp.	2.51	-40.83
Sanchez Energy Corp.	1.96	-37.25
Men's Wearhouse Inc.	5.60	-33.39
Financial Engines Inc.	4.69	-30.47
Sotheby's	4.86	-29.11

A mutual fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company, and may be obtained by calling 866-209-1129 or visiting www.villere.com. Read carefully before investing.

Mutual fund investing involves risk; loss of principal is possible. Investments in smaller and medium sized companies involve additional risks such as limited liquidity and greater volatility. The Balanced Fund will invest in debt securities. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in lower rated and non-rated securities present a great risk of loss to principal and interest than higher rated securities. The Equity Fund may invest in foreign securities. Foreign investments involve additional risks, including currency fluctuation, political and economic instability, lack of liquidity and differing legal and accounting standards. These risks are magnified in emerging markets. The Equity Fund's ability to invest in initial public offerings (IPOs) involves a higher degree of risk than more seasoned companies.

Morningstar percentile ranking is based on the total number of funds ranked and the Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees. The highest percentile rank is 1 and the lowest is 100.

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The opinions expressed above are those of St. Denis J. Villere, George G. Villere, George V. Young, St. Denis J. Villere III, and Lamar G. Villere and are subject to change, are not guaranteed and should not be considered recommendations to buy or sell any security.

Any tax or legal information provided is merely a summary of our understanding and interpretation of some of the current income tax regulations and is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Fund nor any of its representatives may give legal or tax advice.

The Top 10 holdings in the funds as of 9/30/2015 were:

Villere Balanced Fund:			Villere Equity Fund:		
LKQ Corp.	(LKQ)	5.9%	Flowers Foods, Inc.	(FLO)	6.7%
Howard Hughes Corp.	(HHC)	4.7%	Pinnacle Foods, Inc.	(PF)	6.6%
Everbank Financial Corp.	(EVER)	4.6%	DST Systems, Inc.	(DST)	6.1%
Pool Corp.	(POOL)	4.5%	LKQ Corp.	(LKQ)	6.1%
Visa, Inc.	(V)	4.2%	Pool Corp.	(POOL)	5.7%
Sotheby's	(BID)	3.9%	Visa, Inc.	(V)	5.5%
Luminex Corp.	(LMNX)	3.8%	Everbank Financial Corp.	(EVER)	5.4%
DST Systems, Inc.	(DST)	3.7%	Express Scripts Holding Co.	(ESRX)	5.2%
Apple, Inc.	(AAPL)	3.5%	Luminex Corp.	(LMNX)	4.7%
Express Scripts Holding Co.	(ESRX)	3.5%	Apple, Inc.	(AAPL)	4.7%

All holdings in the portfolio are subject to change without notice and may or may not represent current or future portfolio composition. The mention of specific securities is not intended as a recommendation or an offer of a particular security, nor is it intended to be a solicitation for the purchase or sale of any security.

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

Lipper Balanced Index and the Lipper Mid Cap Growth Fund Index are equally weighted performance index of the largest qualifying funds in their respective Lipper Categories. Each Lipper average represents a universe of Funds with similar investment objectives.

S&P 500 is an unmanaged index which is widely regarded as the standard for measuring large-cap U.S. stock market performance. The stock index does not incur expenses and is not available for investment.

Russell 2000 is an index measuring the performance approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq. The DJIA was invented by Charles Dow back in 1896.

One cannot invest directly in an index.

The Villere Funds are distributed by Quasar Distributors, LLC.