



Q&A WITH LAMAR VILLERE

Portfolio Manager



Many diversified equity mutual funds hold 100 or more stocks in their portfolio. Why do the Villere & Co. funds only hold around 20 stocks?

A. When investing, we believe in sticking to a high conviction approach. We typically focus on our best 20-30 ideas. We feel this gives us an advantage in our research process because we are then able to dig deeply into that handful of companies. We're able to really understand them, get to know the management teams, and "kick the tires." We get to see what's going on with them before we invest. If we had 100 plus stocks in our portfolio, we wouldn't be able to get to know them so thoroughly.



Why do you believe it's important to be concentrated?

A. Our high conviction in our best ideas is how we distinguish ourselves. Because we're targeting investing in only 20 to 30 companies, we want to be certain we know them inside and out and believe in their ability to perform over the long term.



As a result, Villere & Co. allocates large portions of the portfolio to each company. What makes you so confident?

A. We've been following many of the companies in our portfolios for years before investing – in addition to following many we believe may be appropriate for us in the future. In some cases, we interview their customers, suppliers, and competitors. We are willing to look anywhere we think we can gather more insight. Then we wait until we think it's the right time to make the investment. Often a company may have a small setback that we view as short term in nature, but we believe the long-term outlook still looks good. For us, that signals a buying opportunity where we can get a company we believe has great potential but at a reasonable price.



Are there increased risks having such a concentrated portfolio?

A. Yes, we believe you can be properly diversified with 20 or so names. Much of the benefit of diversification comes from the first handful of ideas as long as the portfolio holds a variety of different sectors and industries. We own a broad variety—from three dimensional printing to bakeries to real estate among other things. We believe we offer our clients ample diversification with a relatively few names, but each is a company that represents one of our best ideas.

**Are investors properly diversified with 20 or so names?**

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**Indexing has become a popular investment vehicle for many investors. What are your thoughts on passive investing?**

A. We think indexing may be a great investment method for investors who are looking for the potential for market-like returns at a low fee. The problem is that many investors are getting market-like returns, but are paying a much higher fee than they need to by using active managers who are really “closet-indexers.” At Villere, we are truly active managers.

We believe that every investor who wants the potential to exceed market returns ought to dedicate a part of their portfolio with a manager who offers a more concentrated portfolio consisting of that manager’s best, highest conviction holdings.

RISK CONSIDERATIONS**Mutual fund investing involves risk; principal loss is possible.**

You should consider the Fund’s investment objectives, risks, and charges and expenses carefully before you invest. This and other important information is contained in the Fund’s summary prospectus and prospectus, which can be obtained by calling 866-209-1129. Read carefully before you invest.

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

Quasar Distributors, LLC, distributor.

St. Denis J. Villere & Company, LLC | 601 Poydras St. Suite 1808 | New Orleans, Louisiana 70130