VILLERE & Co.
SELECTIVE INVESTING SINCE 1911

Market Review: A Changing Market Environment

In 2017, the market had a near-perfect backdrop of steady economic growth, low inflation, and accommodative monetary policies, which helped fuel a broad-based rally in stocks. The strong performance continued into January of 2018 as the economic momentum remained robust. It was a market where large-cap stocks outperformed small-caps, growth beat value, and investors continued to prefer equities over bonds.

In February, after a prolonged period of low volatility and a series of record highs for the stock market, we abruptly saw a return of volatility. In fact, through January, the S&P 500 index had gone 15 months without a loss, the longest such streak in history.

Investors became concerned about higher inflation, and the possibility that borrowing costs and interest rates would spike more than expected this year, threatening to slow growth for both the economy and stocks. The market, as measured by the S&P 500, peaked on January 26 and February was a turbulent month for the market, including its first correction—defined as a drop of 10% or more—in two years.

Following a short resurgence, stocks continued to fall in March as several factors negatively affected the U.S. market and investor sentiment, including continued rising interest rates and inflation fears, Facebook's data privacy issues dragging down tech stocks, and President Trump's import tariffs on China and the possibility of an ensuing trade war. However, strong consumer and business sentiments and a robust labor market helped to curb losses toward the end of the first quarter, with small- and mid-caps stocks outperforming large caps in March.

For the first quarter, the decline occurred broadly and across asset classes and sectors. The S&P 500 lost 0.76%, while small-caps as measured by the Russell 2000 Index was down 0.08%, and the Russell MidCap Index declined 0.46%. Fixed income performance was broadly lower throughout the quarter, with the weakest performance in longer maturing and high-yield bonds.

It is also worth noting that the CBOE Volatility Index (or VIX), a popular measure of the stock market's expectation of volatility, rose 81% during the quarter and had one of its biggest quarterly increases ever, reflecting the concerns about inflation, interest rates, and global trade tensions.

> "Stock selection was the key driver why the Funds significantly outperformed the benchmarks in Q1."

VILLERE BALANCED FUND PERFORMANCE (%) VILLX — INCEPTION 9/30/1999[1]

3/31/2018	Total Return		Average Annualized			Cumulative
	Quarter	1 Year	5 Year	10 Year	[1]Since Inception	[1]Since Inception
Villere Balanced Fund	4.52	10.08	5.48	8.27	7.92	309.32
Lipper Balanced Fund Index	-0.98	8.48	7.38	6.21	5.47	167.89
S&P 500 Index	-0.76	13.99	13.31	9.49	6.00	194.00

Expense Ratio: 0.94%

VILLERE EQUITY FUND PERFORMANCE (%) VLEQX — INCEPTION 5/31/2013[1]

3/31/2018	Total Return		Average Annualized			Cumulative
	Quarter	1 Year	5 Year	10 Year	[1]Since Inception	[1]Since Inception
Villere Equity Fund	5.47	9.25	N/A	N/A	3.85	20.03
Lipper Mid-Cap Growth Fund Index	3.24	20.34	12.54	9.55	12.25	74.84
S&P 500 Index	-0.76	13.99	13.31	9.49	12.81	79.04

Expense Ratio: 1.26%

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 Funds 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 for Villere Equity Fund 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.

Villere Portfolio Review—Equities

Bottom-up company research and stock selection continue to be central to our process and strategy.

Top contributors to the performance of the Funds in the first quarter included 2U, Axon Enterprise, Financial Engines, and 3D Systems. Detractors from performance included Acuity Brands, Kearny Financial Corp., and Genesee & Wyoming.

During the quarter, we purchased Progressive Corp.—the fourth largest auto insurer in the U.S. and one of the top 20 home insurance companies—in both Funds. At the end of March, Progressive was up 19.3% since we added the stock. We also purchased Ebix—a provider of software and services primarily to the insurance industry—in the Balanced Fund (Ebix was already in the Equity Fund).

1ST QUARTER TOP CONTRIBUTORS

Axon Enterprise

Axon Enterprise (formerly Taser Intl.) engages in the development, manufacturing, and sale of conducted electrical weapons for the law enforcement, federal, military, corrections, private security, and personal defense markets. Axon makes some of the most indispensable products in law enforcement, providing Taser non-lethal weapons and Axon body cameras around the world. Axon stock was up 48.3% in the first quarter as strong fourth quarter results exceeded expectations and the guidance was raised. New orders were off to a robust start in 2018, including Axon's second-largest body camera deployment (to Australia's Victoria Police).

2U Inc.

2U works with major universities to create online graduate degree programs, providing systems and logistical support. 2U is at the forefront of this growing business, partnering with universities such as Yale, Harvard, New York University, Georgetown, and USC. 2U gained 30.3% in the first quarter, continuing a positive run after strong fourth-quarter results exceeded expectations and the guidance was raised. 2U also announced its first international graduate program: an MBA with University College London.

Financial Engines

Financial Engines is a provider of technology-enabled portfolio management services and investment advice to participants in employer-sponsored retirement plans. The stock rebounded in the first quarter and gained 15.8% on positive fourth-quarter results and guidance. The firm also announced its expansion into the small 401(k) market with a new partnership with record keeper ADP. We remain optimistic as Financial Engines get traction on the rollout of their Personal Advisor service that allows them to handle assets from 401(k) participants who are rolling over assets to IRAs.

3D Systems

3D Systems is the originator of 3D printing and provides comprehensive 3D products and services, including 3D printers, print materials, on-demand parts services, and digital design tools. Shares of 3D's stock increased 34.1% during the quarter, reversing the decline seen in the second half of 2017, as fourth-quarter results topped Wall Street expectations. We believe the revenue trends are positive but are watching the company closely for continued revenue growth and new product launch details.

1ST QUARTER TOP DETRACTORS

Acuity Brands

Acuity Brands is a provider of lighting solutions. Although Acuity is still very profitable and well-positioned to benefits from investments in higher efficiency and better controls in the lighting industry, shares fell 20.8% in the first quarter after reporting weaker than expected results. Acuity continues to face significant pricing pressure from Chinese competition, a trend we are following closely.

Kearny Financial Corp.

Kearny Financial is the parent company of Kearny Bank, which has 42 retail branch offices in New Jersey and New York. The stock was down 9.8% for quarter. The company's lower-than-expected earnings reflected an accounting impact of the federal income tax reform, and the recognition of certain merger-related expenses related to the company's proposed acquisition of Clifton Bancorp. The merger with Clifton Bancorp was completed on April 2, and it will enhance Kearny's footprint across the dynamic and desirable northern New Jersey markets.

Genesee & Wyoming Inc.

Genesee & Wyoming owns or leases 122 freight railroads and is the largest short-line carrier in the U.S. and Canada. The company has operations in the U.S., Canada, the UK, Europe, and Australia. The stock was down 10.1% for the quarter despite delivering revenue and earnings that were in line with expectations when reporting 2017 results in mid-February. Genesee & Wyoming faced some issues with reduced carloads. However, several new acquisitions and improving business conditions across all its operating regions should provide added growth.

Villere Balanced Fund

The Fund posted a gain of 4.52% during the quarter, significantly outperforming the Lipper Balanced Fund Index which was down 0.98%, and the S&P 500 Index which lost 0.76%. Stock selection helped the Fund perform well during the period. The Fund is also somewhat different from the typical balanced fund in that it holds primarily small- and mid-cap stocks versus its peers, which tend to hold large-cap stocks.

At Villere & Co., we are long-term investors. It is worth noting that the Fund's 10-year and since inception returns were 8.27% and 7.92%, respectively, outpacing the 6.21% and 5.47% results of the Lipper benchmark.

The fixed income exposure in the fund remains near the minimum end of the Fund's asset allocation range as we anticipate possible increases in interest rates. The Fund can hold 20-50% in securities selected primarily for income potential, and we were at 22.5% at the end of March. The Fund's allocation to stocks selected primarily for growth can be 50-80% and was at 69.3% at the end of February. The remaining allocation was in cash, at 8.2%, which we look to deploy as opportunities arise.

As we have discussed in previous commentaries, the Fund's fixed income allocation is primarily designed to help temper potential downside risk. The portfolio allocation currently has a duration of just under three years. The Fund's fixed income portfolio is invested in 90% investment-grade bonds, and 10% in below investment-grade bonds to add potential for additional yield and return. The holdings in below investment-grade bonds are mainly in securities where we know the company and management team well from our equity research.

Villere Balanced Fund—Top Contributions & Detractors		
Top Performers—Balanced 12/29/2017- 3/31/2018	**Portfolio Weight (%)**	**Return (%)**
Axon Enterprise Inc.	5.74	48.34
2U, Inc.	5.47	30.26
Financial Engines, Inc.	4.17	15.78
Progressive Corporation	1.89	19.31
Western Digital Corporation	4.04	16.66
Bottom Performers—Balanced 12/29/2017- 3/31/2018	**Portfolio Weight (%)**	**Return (%)**
Acuity Brands, Inc.	2.64	-20.85
Kearny Financial Corp.	3.72	-9.83
Ebix, Inc.	0.94	-11.26
Genesee & Wyoming, Inc. Class A	2.85	-10.09
Apache Corporation	3.04	-8.36

Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security.

Villere Equity Fund

The Fund posted a gain of 5.47% during the quarter, outperforming the Lipper Mid Cap Growth Fund Index which was up 3.24%, and the S&P 500 Index which was down 0.76%. Stock selection was the key driver for the Fund's strong results during the period.

Villere Equity Fund—Top Contributions & Detractors		
Top Performers—Equity 12/29/2017- 3/31/2018	**Portfolio Weight (%)**	**Return (%)**
Axon Enterprise Inc.	5.71	48.34
2U, Inc.	5.78	30.26
3D Systems Corporation	3.18	34.14
Progressive Corporation	2.46	19.31
Financial Engines, Inc.	4.61	15.78
Bottom Performers—Equity 12/29/2017- 3/31/2018	**Portfolio Weight (%)**	**Return (%)**
Acuity Brands, Inc.	3.69	-20.85
Genesee & Wyoming, Inc. Class A	4.89	-10.09
LKQ Corporation	5.69	-6.69
Apache Corporation	3.41	-8.36
Kearny Financial Corp	3.34	-9.83

Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security.

OUTLOOK AND STRATEGY—INVESTING SELECTIVELY

Investors will likely face increasingly complicated market conditions in 2018, as the markets weigh U.S. tax cuts, solid economic growth, and strong corporate profits against monetary tightening and inflation pressures

Volatility is also likely here to stay and returns across the board are expected to be more muted than in 2017. While passive investment strategies saw large inflows last year, given the prospects of more uncertainty, volatility, and the current valuations, we believe gains in 2018 may almost certainly require the kind of selective approach to sectors and securities practiced by active managers. We will use short-term volatility as an opportunity to initiate or add to holdings at lower prices.

We will continue to run our disciplined investment process that has served us well over time—finding "growth at a reasonable price" opportunities and targeting securities whose prices may not reflect their true potential value. Sector allocation continues to be a byproduct of the investment process as we primarily evaluate companies on their own merit, and the Funds typically hold a concentrated portfolio of Villere's 20-30 best ideas.

In summary, we believe an active, selective investment approach will continue to be important in 2018. We own predominantly small- and mid-cap stocks, as opposed to large. We anticipate that higher interest rates, tax reform, current valuations, and a reversion to the mean all have the potential to lead to small-cap companies performing better than their large counterparts.

Thank you for your continued support and confidence in the Villere Funds.

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

DISCLOSURES

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 than large cap companies. 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 nonrated 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.

Active investing has higher management fees because of the manager's increased level of involvement while passive investing has lower management and operating fees. Investing in both actively and passively managed mutual funds involves risk and principal loss is possible. Both actively and passively managed mutual funds generally have daily liquidity. There are no guarantees regarding the performance of actively and passively managed mutual funds. Actively managed mutual funds may have higher portfolio turnover than passively managed funds. Excessive turnover can limit returns and can incur capital gains.

The opinions expressed above are those of St. Denis J. 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.

The Top 10 holdings in the funds as of 03/31/2018 were:

VILLERE BALANCED FUND

Visa, Inc.	(V)	4.8%
Financial Engines, Inc.	(FNGN)	4.7%
Pool Corp.	(POOL)	4.7%
Howard Hughes Corp.	(HHC)	4.4%
LKQ Corp.	(LKQ)	4.3%
Western Digital Corp.	(WDC)	4.3%
Steris PLC	(STE)	4.2%
Axon Enterprise, Inc.	(AAXN)	4.0%
Euronet Worldwide, Inc.	(EEFT)	3.9%
Phillips 66 4.3% 4/1/2022		3.9%

VILLERE EQUITY FUND

2U, Inc.	(TWOU)	6.3%
Pool Corp.	(POOL)	5.8%
Visa, Inc.	(V)	5.7%
LKQ Corp.	(LKQ)	5.2%
Steris PLC	(STE)	5.2%
Axon Enterprise, Inc.	(AAXN)	5.2%
Western Digital Corp.	(WDC)	5.2%
Financial Engines, Inc.	(FNGN)	5.1%
Howard Hughes Corp.	(HHC)	5.1%
Progressive Corp.	(PGR)	4.6%

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.

Investment-grade is a rating that indicates that a municipal or corporate bond has a relatively low risk of default.

INDEXES

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 Index consists of the smallest 2,000 companies in a group of 3,000 U.S. companies in the Russell 3000 Index, as ranked by market capitalization and serves as a benchmark for small-cap stocks in the United States.

Russell MidCap Index is a market capitalization weighted index representing the smallest 800 companies in the Russell 1000 Index.

CBOE Volatility Index (VIX) is a calculation designed to produce a measure of constant, 30-day expected volatility of the U.S. stock market, derived from real-time, mid-quote prices of S&P 500® Index (SPXSM) call and put options. On a global basis, it is one of the most recognized measures of volatility—widely reported by financial media and closely followed by a variety of market participants as a daily market indicator.

It is not possible to invest directly in an index.

The Villere Funds are distributed by Quasar Distributors, LLC.