VILLERE & Co.
SELECTIVE INVESTING SINCE 1911

Partners and Portfolio Managers
Left to right: St. Denis "Sandy" Villere III, Lamar Villere, CFA, St. Denis " Sandy" Villere II, George Young

The Villere Balanced Fund Turns 20 Years

Tested in the ups and downs of virtually every market environment

Q. The Balanced Fund was Villere's first mutual fund. Why did you add a mutual fund to your product offering?

We introduced the fund in 1999 in direct response to recurring requests from our high net worth clients to extend our investment discipline to more investors and with a lower-minimum account option. This accommodated and provided an added option for our advisory clients who also wanted to save for college, gift money to their children and grandchildren, make IRA contributions, and so on.

> "We believe that being patient, taking a long-term approach, and positioning your portfolio based on your personal goals should make it easier to handle the ups and downs of the stock market."

Q. What is your investment strategy for the Fund? Has it changed during the 20 years since the Fund was launched?

In the Balanced Fund, we invest primarily in small and mid-sized companies, using an active and selective investment approach. We create a concentrated equity portfolio of Villere's 20-30 best ideas. This active, concentrated portfolio strategy allows us to pursue our most compelling investment ideas. We employ a bottom-up research process to identify mispriced securities and unique opportunities, and our investment philosophy is built on our core belief that growth can and should be achieved at a reasonable price.

The Fund offers a mix of stock and bonds in a single fund, with the fixed income portion designed to help balance risk and reduce volatility. The fixed income component usually ranges from 20-30% of assets, depending on market conditions. The asset allocation is generally a byproduct of the valuations we see on the equity side through our bottom up research efforts. If we believe the market is rich and it is hard to find reasonably priced stocks, we can increase the fixed income and cash components.

Our investment strategy has not changed significantly since the fund was launched in 1999 and we use an investment process that is consistent and repeatable. At inception, interest rates were higher, so we had a higher allocation in bonds than we have today. One of the benefits of the fund is that we have, as mentioned, flexibility to the change asset allocation depending on the market. As stated in the prospectus, 20% to 50% of Fund assets will be invested in fixed income securities or equities selected primarily for their income potential.

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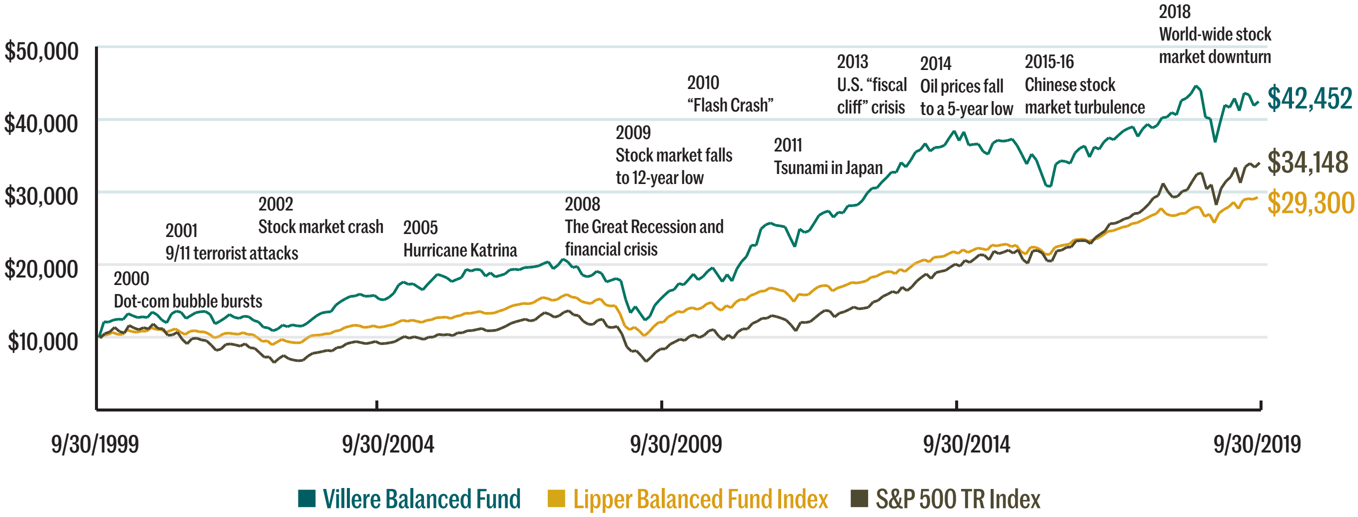
GROWTH OF A $10,000 INVESTMENT OVER 20 YEARS

Despite the many crises and market volatility during the past 20 years, staying invested and focusing on the long-term helped keep investors on track to reach their goals. During this time period, the Villere Balanced Fund significantly outperformed its benchmarks.



This chart illustrates the performance of a hypothetical $10,000 investment made in the Fund since inception. It assumes reinvestment of dividends and capital gains but does not reflect the effect of any applicable sales charge or redemption fees. This chart does not imply any future performance.

ANNUALIZED RETURNS (%) AS OF 09/30/2019

	YTD*	1 Year*	3 Years	5 Years	10 Years	20 Years
Villere Balanced Fund	15.30	-3.51	5.32	3.10	9.33	7.50
Lipper Balanced Funds Index	13.62	4.94	7.56	6.18	7.97	5.52
S&P 500 TR	20.55	4.25	13.39	10.84	13.24	6.33

Gross Expense Ratio: 0.97% 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. Month-end performance can be obtained by calling 866.209.1129.

*Not annualized.

Q. The portfolio management team has been in place for a long time. What are some of the benefits of the team approach?

Our portfolio management team has an average of 35 years of experience, bringing what we believe is an unparalleled continuity of service and understanding of our clients' unique needs. The team approach fosters an open exchange of ideas and we can make decisions quickly. We bring four distinct, multi-generational perspectives to each investment decision, and working as a team we rigorously discuss every opportunity. While we have dedicated investment meetings, not having doors on our offices also allows us to have constant conversations and collaboration.

Q. The Fund was launched on September 30, 1999. Within six months of the fund rollout, the Internet bubble burst, resulting in the "dotcom" market crash. The economy went into a recession, and then we had the 9/11 attacks. What was it like managing a new fund at that time?

It was a very interesting time in the market. First, we started the fund at the end of the 3rd quarter in 1999 out of concern with potential Y2K issues at year-end. We didn't own any of the "hot" internet stocks. The stock market finished the 1990s at a record high, with the NASDAQ up 85.6% in 1999. We were looking for value, focusing on company earnings, cash flow, etc. Our approach was challenged during that time, and we underperformed in 1999-2000. However, this changed once the stock market crashed and fundamentals became important again, and our strategy worked very well after that.

One example of a stock that we bought at that time was Kansas City Southern Industries (KCSI). In the summer of 2000, KCSI spun off its Stilwell Financial Inc. business, which included four financial units: Janus, Berger mutual funds, Nelson Money Managers, and DST Systems. The separation of KCSI's financial services and railroad businesses created two separate investment opportunities. Most investors wanted to buy and own the Janus fund family as it had accounted for the majority of Stilwell's revenue. Given our investment approach, we saw value in KCSI, and the stock did very well for us and our shareholders during the next several years.

"We believe it is important to stick with what you are good at, stay true to your investment policy, and not just buy what is popular or chase returns."

Q. You have navigated many different market environments over the past 20 years, including the financial crisis in 2008-2009, through volatile markets, record highs, and a 10-year bull market. What wisdom can you share with investors that they should keep in mind when investing?

From time to time, we get questions from investors about what institutions are doing with their investments. We believe it is important that client portfolios are tailored to their own goals, investment time horizon, income needs, and risk tolerance. Markets will be volatile by definition, so investors need to take long-term approach, at least 3-5 years. Some investors can and should tolerate more risk in order to have the potential for higher returns. Others should not. You should assess your risk tolerance and invest accordingly.

You should not try to time the market. History shows that most people do the wrong thing at the wrong time. No one knows what the future will bring. For example, you should not sell into a market decline if your long-term objectives have not changed. If you get out of the market, you also have to decide when to get back into the market. There is no way of knowing when the market will swing back, and there is a big cost to missing just a few really good days in the stock market. Also, uncertainty produces opportunity.

We believe that being patient, taking a long-term approach, and positioning your portfolio based on your personal goals should make it easier to handle the ups and downs of the stock market.

Q. Many funds that were around 20 years ago no longer exist. Funds companies often merge funds with relatively poor performance in order to keep client assets and hide poor returns. The Villere Balanced Fund has significantly outperformed its Lipper Balanced Funds Index benchmark since the Fund's inception 20 years ago. What are some of the reasons for the strong long-term performance?

While markets are volatile and the investment styles that are in and out of favor change, we have been consistent in our investment philosophy and process. We believe it is important to stick with what you are good at, stay true to your investment policy, and not just buy what is popular or chase returns. We feel that many investors make the mistake of overdiversifying and we believe that often leads to mediocrity. Why buy a basket of stocks that are average when one can pick companies with the most potential in that basket? We focus on our best ideas, whereas many portfolio managers have 30 favorite stocks and then add in another 70 names as filler for diversification. We think that is a mistake.

"Uncertainty produces opportunity. There is a big cost to missing just a few really good days in the stock market."

Q. The Fund's shorter-term, relative performance has not been quite as strong relative to some benchmarks. What are some reasons for this?

As mentioned, there are different periods when certain styles are in favor and out of favor. It is often tempting to go with what is popular. Going back to the previous question, many of the reasons the fund has not done as well on a relative basis in the shorter term, are the same reasons why it has done well over the long term.

Q. Why should investors consider the Villere Balanced Fund?

The Fund is potentially well-suited for investors who desire the diversified mix of stocks, bonds and cash offered by a balanced fund, while having some aggressiveness in terms of the underlying equity component. We have both the experience and flexibility needed to strategically and tactically shift the asset allocation in the fund depending on the market environment.

One way to think of the fund is as a balanced fund "on steroids", but also on the other hand, a small and mid-cap fund with a potential bond cushion. Some investors use the fund as a core holding, while others have used as a way to get small-cap exposure with potentially less volatility.

A final point we would like to emphasize is that at Villere we avoid the temptation of just buying the popular stocks or being a closet index-fund. If you want something a little different to diversify and complement your portfolio, consider the Villere Balanced Fund.

Opinions expressed are subject to change, are not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

RISK CONSIDERATIONS

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 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 Villere 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. Past performance does not guarantee future results. Diversification does not assure a profit, nor does it protect against a loss in a declining market.

As of October 15, 2019, the Villere Balanced Fund did not hold any shares in Kansas City Southern, Janus Henderson Group Plc, or SS&C Technologies (DST Systems' parent company).

Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

Cash Flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.

Lipper Balanced Index is an equally weighted performance index of the largest qualifying funds in its Lipper Categories. The Lipper average represents a universe of Funds with similar investment objectives.

NASDAQ Composite Index, a market value-weighted index of all domestic and international common stocks listed on the NASDAQ stock market.

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.

It is not possible to invest directly in an index.

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