

COMMENTARY

MARSICO FOCUS FUND (MFOCX)

Co-Portfolio Managers Tom Marsico and Brandon Geisler share their insights about the Marsico Focus Fund.

Q1 As a fundamentally driven manager, what company characteristics are commonplace throughout the portfolio?

The Fund features a concentrated portfolio comprised of 20-35 high-quality, large-cap companies with strong business fundamentals and managed by innovative teams for long-term growth. These companies tend to fall within dynamic, secular growth themes that are transforming our everyday lives.

For example, companies within our Digital Transformation theme are involved in rapidly changing the way we perform e-commerce, digital marketing and engage in social media networking. For example, NVIDIA Corporation¹, an American multinational technology company specializing in semiconductors, provides computer chips that are instrumental in increasing the productivity and efficiency of numerous products and services that we use every day.

We believe each high-quality portfolio company has a long growth runway fueled by their strong brands, dominant market share position within their respective industries and attractive operating results. Our goal is to outperform the S&P 500 Index over time and do so while being mindful of risk. We are pleased that the Fund has outperformed the S&P 500 Index over the 3-, 5-, 10-year and since inception periods as of September 30, 2021.²

Q2 Would you please comment on how supply chain disruptions and labor shortages have impacted the Fund's holdings?

While the economy continues to improve, supply chain disruptions and labor shortages have captured much attention. Lack of available product has been widespread and ignited sustained inflation concerns. The shortage of workers nationwide has hindered many businesses, especially those that rely on lesser-skilled employees.

We believe the Fund's portfolio continues to be well-positioned regardless of the economic environment and our holdings have not been materially impacted by either supply concerns or employee headcount. Instead, our portfolio companies tend to focus on technological efficiency when executing their growth plans. For example, we own a number of innovative companies that embrace digital transformation and successfully execute e-commerce on a wide-scale basis. By utilizing digital platforms, these companies are not subject to the same pressure on headcount and wages that the consumer-facing companies are experiencing. In addition, we find that many of these asset-light, innovative companies are either maintaining or increasing their operating margins as well.

Going forward, supply chain issues and current low inventory levels may prove problematic for large, big-box retailers particularly during the upcoming holiday season. This lack of product may bring pressure upon top line revenue,



MARSICO
FUNDS®

Overall Rating

MORNINGSTAR®



4 Stars out of 1,133 Large Growth funds as of 9/30/21 based on risk-adjusted return.

Portfolio Management



Tom Marsico

- » Founder, CEO, CIO, and Portfolio Manager
- » Over 40 years experience



Brandon Geisler

- » Portfolio Manager
- » Over 20 years experience

Rigorous research and a focus on high quality inform our time-tested approach to providing attractive risk-adjusted returns through a high-conviction, concentrated equity portfolio.

generate higher operating expenses and reduce earnings. With the exception of Amazon.com, Inc., the Fund does not have any meaningful retail exposure. However, as a dominant retail player, Amazon is technologically savvy and we believe stands to grow market share as traditional retailers struggle.

Q3 How has the pandemic changed the way employees view their jobs?

The pandemic had a profound transformational effect on the labor market. The various plans and policies put in place by the government to ensure a safety net around COVID have given many employees the opportunity to reconsider their jobs and career paths. With a long-term, multi-generational transfer of wealth already underway, and short-term government stimulus programs that resulted in a surge in the personal savings rate, these factors, among others, contributed to the “Great Resignation” of 2021. A record number of employees “quit” their jobs as they reevaluated what work means to them.

Despite a shortage of approximately 7 million workers in the U.S., the business community has quickly adapted, and productivity has improved. GDP remains strong and grew at a 6.7%³ rate in Q2, higher than what was experienced pre-pandemic. Many of our portfolio companies, however, were not dependent by employee headcount and relied upon increasing utilization of technology to essentially do more with less.

Amazon and United Parcel Service, Inc., the world’s largest package delivery company, are prime examples of companies that continue to expand through the use of technology. Amazon has committed significant capital expenditure spending on improving their customer reach and the speed at which they can deliver product. If you visited their distribution centers today compared to just a few years ago, you would find much more automation fueling productivity. This is a similar story to that of UPS, with 90% of the company processes now automated. Both companies are excellent examples of high-quality, innovative companies that can quickly adjust their business model through various market cycles efficiently through automation and technology overlays.

Q4 Were there any notable portfolio changes during the past quarter?

There were no notable additions or deletions to the portfolio in Q3. We believe the current portfolio holds much promise given our expectation of moderate economic growth. As of September 30, 2021, our high-conviction portfolio included 22 growth-oriented companies.

About Marsico Funds

Founded in 1997, Marsico Capital Management employs a high-conviction approach to the management of a select suite of growth-oriented domestic and international equity portfolios. Headquartered in Denver, Colorado, the firm managed approximately \$3.8 billion in assets as of September 30, 2021.

Founder, Tom Marsico, has over 40 years of experience in the investment management industry and is one of the industry’s first managers to successfully implement high-conviction, concentrated portfolios.

Fund Performance (As of 9/30/21)²

	Average Annualized Returns				
	1 Year	3 Year	5 Year	10 Year	Since Inception (12/31/1997)
Marsico Focus Fund	22.52%	23.70%	23.18%	18.30%	10.57%
S&P 500 Index ⁴	30.00%	15.99%	16.90%	16.63%	8.49%
Russell 1000 Growth Index ^{4, 5}	27.32%	22.00%	22.84%	19.68%	9.17%

Fund Expense Ratio: 1.49% gross, 1.45% net⁶

Performance data quoted represents past performance. Investment return and principal will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance information quoted. To obtain the Fund's performance current to the most recent month-end, please visit www.marsicofunds.com or call 888-860-8686. A Fund's performance, especially for short time periods, should not be the sole factor in making an investment decision.

Disclosure

Please consider the Fund's investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus, which contains this and other information about the Fund, call 888-860-8686 or visit marsicofunds.com. Please read the prospectus carefully before investing.

The Focus Fund is classified as a non-diversified portfolio, which means it may hold fewer securities than a diversified fund because it is permitted to invest a greater percentage of its assets in a smaller number of securities. Holding fewer securities increases the risk that the value of the Fund could go down because of the poor performance of a single investment. The Fund and the stocks and markets in which it invests are subject to general risks that include unforeseen events such as pandemics, volatility and instability, periods of cyclical change and decline, that investors may at times avoid investments in equity securities, and that the investment adviser may select investments for the Fund that do not perform as anticipated.

¹ Of the companies mentioned, the Focus Fund's holdings as a percentage of net assets as of 9/30/21 were as follows: NVIDIA Corporation 5.52%, Amazon.com, Inc. 7.46%, United Parcel Service, Inc. 3.38%. Please keep in mind that our views on investments discussed herein are subject to change at any time, and the holdings represented here do not represent all of the securities purchased, sold, or recommended by Marsico Capital Management, LLC. References to specific securities mentioned herein, which may change due to ongoing management of your portfolio, are not to be construed as a recommendation to buy or sell those securities, and should not be assumed to be or have been profitable investments, and are not guaranteed to be in portfolios today.

² Source for Fund and Index returns: UMB Fund Services Inc.

³ Source: Bureau of Economic Analysis

⁴ The S&P 500 Index is a registered trademark of S&P and is an unmanaged broadly-based index of the common stock prices of 500 large U.S. companies, and includes the reinvestment of dividends. The Russell 1000 Growth Index measures the performance of the large cap growth segment of the largest 1000 U.S. companies, based on total market capitalization, higher price-to-book ratios and higher forecasted growth values, and includes the reinvestment of dividends. The indexes described above are unmanaged and not available for direct investment. For comparison purposes, it should be noted that the indexes described above do not charge fees and have no expenses.

⁵ Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2018. FTSE Russell is a trading name of certain of the LSE Group companies. Russell® is a trade mark of the relevant LSE Group companies and is/are used by any other LSE Group company under license. "TMX®" is a trade mark of TSX, Inc. and used by the LSE Group under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

⁶ As of the Fund's 2/1/2021 prospectus; 1.49% gross, 1.45% net. Marsico Capital Management, LLC, the investment adviser to the Fund (the "Adviser"), has entered into a written expense limitation and fee waiver agreement under which it has agreed to limit the total expenses of the Focus Fund (excluding taxes, interest, acquired fund fees and expenses, litigation, extraordinary expenses, and brokerage and other transaction expenses relating to the purchase or sale of portfolio investments) to an annual rate of 1.45% of the Fund's average net assets until January 31, 2022. This expense limitation and fee waiver agreement may be terminated by the Adviser at any time after January 31, 2022 upon 15 days prior notice to the Fund and its administrator, provided that no such modification will be made in a manner inconsistent with the terms of the current prospectus. The Adviser may recoup from the Fund fees previously waived or expenses previously reimbursed by the Adviser with respect to the Fund pursuant to this agreement (or a previous expense limitation agreement) if: (1) such recoupment by the Adviser does not cause the Fund, at the time of recoupment, to exceed the lesser of (a) the expense limitation in effect at the time the relevant amount was waived and/or reimbursed, or (b) the expense limitation in effect at the time of the proposed recoupment, and (2) the recoupment is made within three years after the fiscal year end date as of which the amount to be waived or reimbursed was determined and the waiver or reimbursement occurred.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. ©Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. The Fund received 4 stars for the 3- and 5-year period, and 3 stars for the 10-year period ended 9/30/21 among 1133, 1024 and 762 US Fund Large Growth funds, respectively. Past performance is no guarantee of future results. Recent performance may have been negative.

The Marsico Funds are distributed by UMB Distribution Services, LLC