

COMMENTARY

MARSICO MIDCAP GROWTH FOCUS FUND

(MXXIX/MIDFX)



MARSICO
FUNDS®

The Marsico Midcap Growth Focus Fund's (the "Fund") portfolio managers share their latest insights on the Fund.

Q1 Would you please comment on the market in the second quarter? How are you positioning the Fund's portfolio among the three growth buckets as a result?

In the second quarter of 2023, overall stock market performance was driven by the Information Technology sector. Sentiment around the artificial intelligence (AI) theme drove robust investor interest in technology, driving stock prices higher which buoyed the market overall. From an economic perspective, leading indicators, including jobs and wage growth, reflected the strength of the U.S. economy. Economic data has been resilient, with job gains in April, May, and June.

In terms of portfolio positioning, we continue to see significant potential in faster growing companies. Among the Fund's three growth buckets, we have tilted the portfolio more toward the Aggressive Growth bucket with a focus on companies with unique growth stories, including Chipotle Mexican Grill, Inc. ("Chipotle")⁴ and Palo Alto Networks, Inc. Meanwhile we have reduced the Fund's exposure to the opportunistic Life Cycle Change allocation. The Core Growth segment of the portfolio remains the largest portfolio component.

Q2 Where is the Fund finding opportunities within the growing AI secular trend?

The AI theme is a large and growing opportunity for the market as a whole and the Fund holds positions in several companies that we believe will benefit from this trend, including:

- » **Marvell Technology, Inc. ("Marvell"):** In the semiconductor space, Marvell offers an array of data infrastructure solutions, including products for computing, networking, storage, and security. The company is using its optimized technology to power AI applications.
- » **Spotify Technology S.A. ("Spotify"):** This music streaming service company has over 515 million monthly users, an audience that has been growing rapidly for the past several years. Spotify is using AI in its algorithm which learns user preferences and provides a highly customized experience for its customers.

Overall Rating



(MXXIX) 3 Stars out of 519 Mid-Cap Growth funds as of 6/30/2023 based on risk-adjusted return.^{1, 2, 3}

Portfolio Management



Tom Marsico

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



Peter Marsico

- » Portfolio Manager
- » Over 14 years' experience



Jimmy Marsico

- » Portfolio Manager
- » Over 14 years' experience

Q3 **What are some other secular themes where you are finding opportunities for the Fund?**

We continue to find compelling opportunities to invest in companies that are offering innovative products and solutions within the themes of the Growing Role of Convenience and the Changing Consumer.

One such example is Chipotle. Chipotle offers a unique value proposition in the restaurant industry. The company enjoys steady, growing demand, while its fixed food costs are coming down, providing a tailwind for operating margins. Chipotle is growing with expectations to double its 3,500 existing stores. Of the new stores, 80% of them

are planned to be the company’s drive-through only model, dubbed the Chipotlane. Via the Chipotlane, customers can order and pay through a mobile app, and conveniently pick up their purchase at the drive-through location. Shifting some of these functions to the app requires fewer employees than a traditional store, increasing margins.

Tractor Supply Company (“Tractor Supply”) is benefiting from the trend of more people moving to rural areas and participating in the recreational farming trend. Tractor Supply offers a one-stop shop for feed and supply for pets and livestock, as well as farm and ranch supplies. The company has stores in 49 states and is the largest recreational farm and ranch supplier in the U.S.

About The Adviser

Founded in 1997, Marsico Capital Management, LLC, the investment adviser to the Marsico Funds, 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 \$2.9 billion in assets as of June 30, 2023.

The firm’s 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.

Marsico Midcap Growth Focus Fund Performance (As of 6/30/2023)⁵

	Average Annualized Returns					
	1 Year	3 Year	5 Year	10 Year	Since Inception 2/1/2000*	Since Inception 12/6/2021*
Investor Class Shares (MXXIX)	19.40%	5.59%	8.41%	11.07%	6.99%	—
Institutional Class Shares (MIDFX)³	19.75%	—	—	—	—	-12.77%
Russell Midcap Growth Index ^{6,7}	23.13%	7.63%	9.71%	11.53%	6.69%	-7.88%

Expense Ratio: Investor class shares (“Investor Class”) 1.35% gross/net; Institutional class shares (“Institutional Class”) 1.12% gross/net.⁸

*Investor Class inception 2/1/2000, Institutional Class inception 12/6/2021.

Performance data quoted throughout 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 marsicofunds.com or call 888-860-8686. The Fund’s performance, especially for short time periods, should not be the sole factor in making an investment decision.

Important Information

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 Marsico Midcap Growth Focus 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 Source: Morningstar, Mid-Cap Growth Funds Category.

² 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 3 stars for the 3-, 5-, and 10-year periods ended 6/30/2023 among 519, 486, and 379 Mid-Cap Growth funds, respectively. Past performance is no guarantee of future results. Recent performance may have been negative.

³ Performance data and Morningstar data available for the Institutional Class is limited because the Institutional Class commenced operations on December 6, 2021.

⁴ Of the companies mentioned, the Marsico Midcap Growth Focus Fund's holdings as a percentage of net assets as of 6/30/2023 were as follows: Chipotle Mexican Grill, Inc. 5.55%, Palo Alto Networks, Inc. 4.02%, Marvell Technology 1.33%, Spotify Technology 3.25%, and Tractor Supply Co. 0.98%. 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 the active management of the Fund, 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 the portfolio today.

⁵ Source for Fund and Index returns: UMB Fund Services, Inc.

⁶ The Russell Midcap Growth Index (the "Underlying Index") measures the performance of the mid-capitalization growth sector of the U.S. equity market, and is composed of mid-capitalization U.S. equities that exhibit growth characteristics. It is a subset of the Russell Midcap® Index, which measures the performance of the mid-capitalization sector of the U.S. equity market. The Underlying Index measures the performance of equity securities of Russell Midcap Index issuers with higher price-to-book ratios and higher forecasted growth. The index described above is unmanaged and not available for direct investment. For comparison purposes, it should be noted that the index described above does not charge fees and has no expenses.

⁷ 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 trademark of the relevant LSE Group companies and is used by any other LSE Group company under license. "TMX®" is a trademark 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 the 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.

⁸ As of the Fund's 1/31/2023 prospectus, as supplemented; Investor Class 1.35% gross/net; Institutional Class 1.12% gross/net.

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