

Focus On: Gaming

Last week, the gaming industry's Washington, D.C.-based lobbying arm, the American Gaming Association, released results from its annual survey. The U.S. commercial casino industry took in a whopping \$32.4 billion in revenues last year, a new record – and that sum doesn't even include American Indian casinos or racetrack casinos, known as racinos. To put that in context, according to the same report, consumers spent more last year at commercial casinos than they did on movie tickets, books or specialty coffees.

Meanwhile, on the other side of the world, according to Macao's Gaming Inspection and Coordination Bureau, gross gaming revenue in Macao last year from games of fortune totaled \$6.8 billion – more than the Vegas Strip – and by 2010, that figure is widely expected to top \$13 billion.

More recently, Macao's regulatory agency reported that gross revenue from games of fortune increased 45% in the first quarter of 2007 to \$2.2 billion. Even better, if you break down the numbers: mass market gaming, which is comparable to Vegas-style play and is far more profitable business for the casino operators, reaccelerated after a sluggish period at the end of last year.

The rest of Asia is also beginning to open up to casino gaming. Next up is Singapore. After ending a 40-year ban on casinos, the first property will open in Singapore in 2009. After seeing the success in Macao, Japan, Thailand, and India are also all studying whether to allow casino gaming.

Meanwhile, while the casino operators flourish in the U.S. and overseas, the gaming equipment industry also stands to gain, filling all the new casinos with slot machines and gaming tables. In Macao alone, the number of slot machines is expected to grow 7,300 at the end of the first quarter of 2007 to around 45,000 by the end of 2011.

On top of that, we believe the gaming equipment suppliers are now just a few years away from an enormous replacement cycle, driven by so-called server based gaming. This massive replacement cycle, boosted by global gaming expansion, should create enormous opportunity for growth.

So, with all these tail winds, the next decade will be an exciting one for gaming investors. The Vice Fund (VICEX) is a defensive growth strategy with a special focus on the gaming sector, in addition to tobacco, alcoholic beverages and defense, and we, for one, are looking forward to watching these developments unfold.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling (866) 264-8783 or visiting www.vicfund.com. Read it carefully before investing.

Mutual fund investing involves risk; principal loss is possible. Mutual funds with a narrow investment focus are subject to greater price fluctuations than funds with broader investment choices. The Vice Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. The fund invests

in smaller companies which involve additional risks such as limited liquidity and greater volatility.

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