

Thursday October 3, 2024

Dear Clients and Friends,

In September, the Federal Reserve cut its overnight “Fed Funds” rate by 0.50%, bringing the rate down to 4.75%-5.00%<sup>1</sup>. With rates such as the 2-year Treasury currently yielding about 3.55%, it is likely that further cuts will be forthcoming, ultimately down to a level below rates such as the 2-year<sup>2</sup>. Inflation rates have recently trended down toward the Fed’s goal of 2%. The economy remains growing and unemployment rates low, albeit higher than a year ago<sup>3</sup>. [Congress gave the Federal Reserve two mandates: low unemployment and low inflation<sup>4</sup>.]

While the Fed’s easing of monetary policy reduces a headwind to financial markets, current valuations remain a challenge for long-term stock market returns. Projected large US budget deficits represent a stimulative fiscal policy, however, contribute to a growing total debt that has its own risks to long-term economic activity.

Current geopolitical risks have only increased with the expansion of the war in the Middle East, and the war in Europe remains problematic. The outcome of our elections next month is not likely to provide near-term relief to these concerns (nor a solution to the aforementioned debt problem).

Finally, the past 15 years have seen investment returns much higher than historic averages, which we believe suggests the next 15 years will be average at best, and perhaps significantly lower.

A sound investment philosophy is most important during difficult times. As we have since our firm’s inception, VELA will continue to serve our clients in adherence with our disciplined, valuation-centric investment philosophy and focused on our goal of competitive long-term investment returns.

Sincerely,

A handwritten signature in black ink that reads "Ric".

Ric Dillon  
CEO & CIO

**VELA Fund Returns** (% , as of September 30, 2024)

	<b>Inception Date</b>	<b>1 Year</b>	<b>3 Year (Ann.)</b>	<b>Since Inception (Ann.)</b>
<b>VELA Small Cap Fund (CI I)</b>	<b>9.30.20</b>	<b>19.92</b>	<b>8.38</b>	<b>18.59</b>
Russell 2000 Total Return Index		26.76	1.84	11.76
<b>VELA Large Cap Plus Fund (CI I)</b>	<b>9.30.20</b>	<b>24.04</b>	<b>9.90</b>	<b>16.22</b>
Russell 1000 Total Return Index		35.68	10.83	15.55
<b>VELA International Fund (CI I)</b>	<b>9.30.20</b>	<b>19.69</b>	<b>6.44</b>	<b>10.49</b>
MSCI World Ex US Index		24.98	5.65	10.51
<b>VELA Income Opportunities Fund (CI I)</b>	<b>3.31.22</b>	<b>16.76</b>	-	<b>2.22</b>
Russell 3000 Total Return Index		35.19	-	10.92
50% Russell 3000/50% Bloomberg US Agg		22.96	-	5.96
<b>VELA Short Duration Fund (CI I)*</b>	<b>12.15.23</b>	-	-	<b>4.81</b>
Bloomberg 1-3 Yr Gov/Credit TR Index		-	-	4.86

*\*Since Inception Returns for the Short Duration Fund are presented on a cumulative basis based on less than one year of return history.*

Mutual fund 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 may be lower or higher than the performance data quoted. Investors may obtain mutual fund performance data current to the most recent month-end by calling 833-399-1001.

The total expense ratio for the VELA Funds Class I is: Small Cap VESMX 1.13%; Large Cap Plus VELIX 1.20%; International VEITX 1.12%; Income Opportunities VIOIX 0.87%, Short Duration VESDX 0.66%.

**Investors should carefully consider the investment objectives, risks, and charges and expenses of the fund before investing. The prospectus contains this and other information about the fund, and it should be read carefully before investing. Investors may obtain a copy of the prospectus by calling 833-399-1001.**

**Important Information:**

The Russell 2000 Index is a small-cap stock market index of the smallest 2000 stocks in the Russell 3000 Index.

The Russell 1000 Index is an unmanaged market capitalization-weighted index comprised of the largest 1,000 companies by market capitalization in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies by total market capitalization.

The MSCI World ex US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries excluding the United States.

The Russell 3000 Index is a market-capitalization-weighted equity index. The index tracks the performance of the 3,000 largest U.S.-traded stocks, which collectively account for roughly 97% of all U.S.-incorporated equities. The secondary index for the fund is a blend of the Russell 3000 TR (50%) and The Bloomberg Aggregate Bond Index (50%). The Bloomberg Aggregate Bond Index broadly tracks the performance of the U.S. investment-grade bond market. The index is composed of investment-grade government and corporate bonds.

The Bloomberg 1-3 Year Government/Credit Bond Index is an unmanaged index that includes all medium and larger issues of U.S. government, investment grade corporate, and investment-grade international dollar-denominated bonds that have maturities of between 1 and 3 years and are publicly issued.

You cannot invest directly in an index.

The VELA Funds are distributed by Ultimus Fund Distributors, LLC. (Member [FINRA](#)). VELA Investment Management and Ultimus Fund Distributors are not affiliated.

VELA Investment Management, LLC is a registered investment adviser. Information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser and/or tax professional before implementing any strategy discussed herein. Past performance is not indicative of future performance.

The views expressed are those of VELA Investment Management, LLC as of 10/03/2024 and are subject to change. These opinions are not intended to be a forecast of future events, a guarantee of future results, or investment advice. Third-party information in this report has been obtained from sources believed to be accurate; however, VELA makes no guarantee as to the accuracy or completeness of the information.

The VELA International Fund invests in a diversified portfolio of non-U. S. equities from a broad market capitalization spectrum. The fund may invest in non-U.S. securities and U.S. securities of companies domiciled in non-U.S. countries that may experience more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies. These companies may be subject to additional risks, including political and economic risks, civil conflicts and greater volatility, expropriation and nationalization risks, currency fluctuations, regulatory risk, higher transaction costs, delayed settlement, possible non-U. S. controls on investments, and less stringent investor protection and disclosure standards of U.S. market.

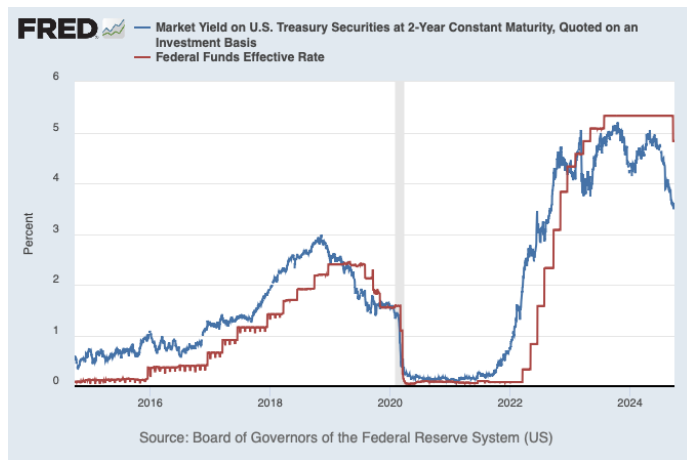
The Short Duration Fund is newly organized and has little or no operating history. While the Adviser has experience in investment-related activities, the Adviser has limited experience managing registered investment companies.

A complete list of holdings can be found at [www.velafunds.com](http://www.velafunds.com).

**Footnotes:**

<sup>1,3</sup>Source: [Federal Reserve](#); The overnight federal “fed” funds rate is the interest rate at which banks lend money to each other, typically overnight. The Federal Reserve uses this rate to control the money supply, which in turn affects inflation and other interest rates. When the rate is raised, it's more expensive for banks to borrow, which reduces the money supply and increases short-term interest rates.

<sup>2</sup>Source: [Board of Governors of the Federal Reserve](#); The federal funds rate (shown in red on the below chart) tends to fall below the rate for 2-year U.S. Treasury Notes (blue), shown below for the past ten years..



<sup>4</sup>Source: [Federal Reserve](#)