

Thursday, April 3, 2025

Dear Clients and Friends,

For the past 80 years, the U.S. has been the world leading economic and geo-political power. While challenged economically by Japan in the 1980s, and again by China in the 2000s, the U.S. retained this position due primarily to the inherent strength of our constitutional-based representative democracy<sup>1</sup>. The 9/11 terrorist attack intended to upend the U.S. geo-political dominance, but most likely strengthened America's resolve.

Globalization peaked ten years ago, and during this past decade we have experienced some retreat in both trade and treaty<sup>2</sup>. The new Trump administration seems intent on further realignment of both, with the goal of greater U.S. prosperity. The new administration is insistent on Europe and others increasing their share of the burden for maintaining the free world's security.

The use of tariffs has accelerated these trends and, while their long-term efficacy is unknown, the immediate impact has been a decrease in confidence over the short term<sup>3</sup>. With increased uncertainty surrounding expectations for real economic activity and corporate profits, and given the lofty valuation levels we observed at the outset of the year, U.S. equity markets have broadly declined recently, led by some of the most highly valued sectors<sup>4,5</sup>.

In July 2023, as the technology sector saw sharp, tech-bubble like gains on the heels of AI, I wrote that in such speculation-driven markets, "we will forfeit some potential upside resulting from gains which are driven by exuberance as stock prices surpass reasonable estimates of a business' value. It also means we have more potential to minimize exposure to the inevitable downside, which we feel can have far more disastrous consequences to a portfolio's long-term success<sup>6</sup>."

As we navigate the current market downturn, we continue to believe in the value of both active-management and our valuation-based investment philosophy in minimizing downside exposure for our investors. Moreover, we believe our research team's continued focus on finding companies which are capable of withstanding market cycles, and which have the balance sheet flexibility to take advantage of opportunities presented by market disruptions, positions us well in our goal of providing returns higher than passive alternatives for our investors over the next five years.

Sincerely,



Ric Dillon  
CEO & CIO

## VELA Fund Returns (% , as of March 31, 2025)

		Annualized			
	Inception Date	1 Year	3 Year	4 Year	Since Inception
<b>VELA Small Cap Fund (CI I)</b>	<b>9.30.20</b>	<b>-2.77</b>	<b>3.60</b>	<b>4.42</b>	<b>14.88</b>
Russell 2000 Total Return Index		-4.01	0.52	-1.09	8.05
<b>VELA Large Cap Plus Fund (CI I)</b>	<b>9.30.20</b>	<b>5.10</b>	<b>5.69</b>	<b>8.21</b>	<b>13.76</b>
Russell 1000 Total Return Index		7.82	8.65	9.79	13.24
<b>VELA International Fund (CI I)</b>	<b>9.30.20</b>	<b>8.89</b>	<b>8.04</b>	<b>5.12</b>	<b>9.54</b>
MSCI World Ex US Index		5.30	5.70	5.03	8.88
<b>VELA Income Opportunities Fund (CI I)</b>	<b>3.31.22</b>	<b>2.55</b>	<b>1.59</b>	-	<b>1.59</b>
Russell 3000 Total Return Index		7.22	8.22	-	8.22
50% Russell 3000/50% Bloomberg US Agg*		6.19	4.53	-	4.53
<b>VELA Short Duration Fund (CI I)</b>	<b>12.15.23</b>	<b>5.60</b>	-	-	<b>5.33</b>
Bloomberg 1-3 Yr Gov/Credit TR Index		5.61	-	-	5.02

*\*While the Russell 3000 index represents a broad-based equity index for comparison, under normal market conditions, the fund invests at least 80% of its assets in income producing securities, which may be a mix of equity and fixed income securities. The composition of the Fund and its returns may be more like the Fund's secondary benchmark, a 50%/50% blend between the Russell 3000 equity index and Bloomberg US Aggregate Bond index.*

*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 1.12%; Large Cap Plus VELIX 1.03%; International VEITX 1.13%; Income Opportunities VIOIX 0.86%, Short Duration VESDX 0.68%.*

**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:

Investing involves risk including the possible loss of principal. 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.

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 04/03/2025 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.

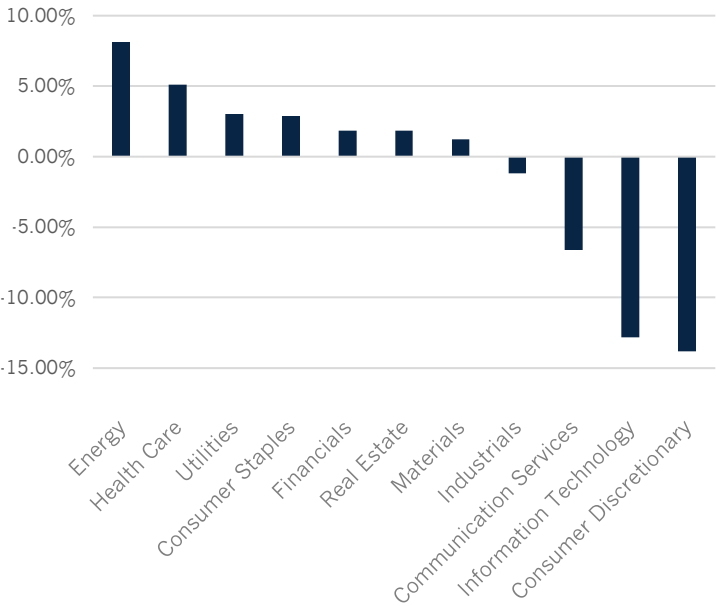
The VELA International Fund invests in a diversified portfolio of non-U. S. equities from a broad market capitalization spectrum. The fund may invest in non-U.S. securities and U.S. securities of companies domiciled in non-U.S. countries that may experience more rapid and extreme changes in value than 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.

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

**Footnotes:**

- <sup>1</sup>Source: World Development Indicators
- <sup>2</sup>Source: International Monetary Fund
- <sup>3</sup>Source: Wall Street Journal
- <sup>4</sup>Source: S&P Global, Chart: VELA Investment Management, LLC

**S&P 500 Quarter-to-Date Returns By Sector**  
As Of March 31, 2025



- <sup>5</sup>Source: S&P Global
- <sup>6</sup>Source: Ric Dillon, Investing vs. Speculating (July 3, 2023)