Miles Capital Funds

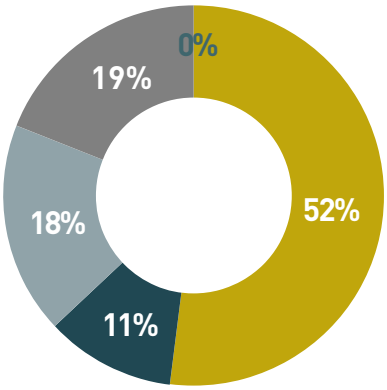
ALTERNATIVES ADVANTAGE FUND
MONTHLY COMMENTARY

CLASS I MILIX | CLASS N MILNX | AS OF SEPTEMBER 30, 2018

ECONOMIC OVERVIEW

The economy and financial markets remained strong during the 3rd quarter, and leading economic indicators are now at highs not seen since 2006, indicating continued growth. Labor markets remain strong with unemployment at 3.9%, and we continue to see more indications of some wage increases on the horizon. The risks to the economy include tariff risks, geopolitical volatility, and inflation, which may lead the Fed to change its interest rate trajectory.

Third quarter fixed income market returns were again heavily influenced by the September 35 basis point increase in the Federal Reserve rate. The Federal Reserve seems positioned to raise rates one more time this year.



Long/Short Equity
Event Driven
Global Macro
Relative Value
Cash

ALTERNATIVES ADVANTAGE FUND OVERVIEW

- U.S. equities were mixed, with the S&P 500 setting a new high, but retreating late in the month to end with a small positive return. Small cap did not fare as well, posting meaningful losses. Long/short equity produced a slight negative return, being impacted by the overall markets as well as sector performance. Information technology struggled as leading companies testified to Congress about election risk from social media platforms, while the Attorney General questioned if leading tech companies were stifling the free exchange of ideas.

- Event driven strategies had positive performance with merger arbitrage leading the way. Two large health care transactions were close to receiving approval from the Department of Justice, resulting in rising stock prices of the target companies. Continued slight spread tightening as well as rising interest rates also contributed to returns.

- Relative value strategies were modestly positive, as credit spreads tightened but were largely offset by rising interest rates. Equity related strategies contributed little due to the tepid returns of the equity markets.

- Discretionary macro strategies had solid performance due to high yield and emerging markets debt exposure, where credit spreads tightened 20 to 30 basis points. Systematic macro strategies benefited from energy exposure as oil rose nearly 5%. However, short positions in industrial metals and agricultural commodities weighed on returns, as the commodities moved higher. Long exposure to the U.S. dollar also detracted, losing value against other developed currencies.

STRATEGY CONTRIBUTORS

- Global Macro Discretionary
- Event Driven
- Relative Value

DETRACTORS

- Long/Short Market Neutral
- Long/Short Directional
- Global Macro Managed Futures

Contact

MILES CAPITAL FUNDS | C/O ULTIMUS FUND SOLUTIONS | 225 PICTORIA DR., SUITE 450 | CINCINNATI, OH 45246 | 1.844.838.2120 | MILESCAPITALFUNDS.COM

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Important Information

An investor should consider the Fund's investment objectives, risks and charges and expenses carefully before investing or sending money. This and other important information about the investment company can be found in the Fund's prospectus. To obtain a prospectus, please call 1-844-838-2120 or visit www.milescapitalfunds.com and download one here. Please read the prospectus carefully before investing.

Please note that the NTF share class of the Miles Alternatives Advantage Fund is now available on Schwab. The minimum initial investment is $2,500.

The fund is distributed by Unified Financial Securities, LLC (Member FINRA). Miles Capital, Inc. is the investment adviser. An investment in the Fund is not insured or guaranteed by the FDIC or any other government agency.

Risks

All investments involve risk, and the Fund cannot guarantee that it will achieve its investment objective. Diversification does not ensure a profit or guarantee against loss. The Fund's returns and share price will fluctuate, and you may lose money by investing in the Fund. Investors in alternative investments should bear in mind that these products can be highly speculative and may not be suitable for all clients. Alternative strategies pursued by the Fund may be subject to a number of risks either directly or indirectly through its investments in other investment companies or other securities and investment instruments. Investments in commodities may be affected by overall market movements, changes in interest rates, and other factors such as weather, disease, embargoes and international economic and political developments. Commodities may subject the Fund to greater volatility than investments in traditional securities. The value of derivatives may rise or fall more rapidly than other investments. It is possible to lose more than the amount invested in the derivative. If derivatives are used to hedge the overall risk of a fund's portfolio, it is possible that the hedge may not succeed. Bonds are affected by a number of risks, including interest rate, credit and prepayment risk. In general, as prevailing interest rates rise, fixed income securities prices will fall. Investments in international markets present special risks, including currency fluctuation, the potential for diplomatic and political instability, regulator and liquidity risk, foreign taxation and differences in auditing and other financial standards. The use of leverage typically magnifies both gains and losses. Underlying funds may hold less liquid securities. When there is no willing buyer and a security cannot be readily sold, an underlying fund may be unable to sell the security at an advantageous time or price. An underlying fund's investment in companies in the real estate industry will expose the underlying fund to the risks of owning real estate directly, including economic downturns that have a negative effect on the real estate markets, possible lack of available financing and changes in interest rates or property values. Short sales have the possibility of unlimited losses. More detailed information about these risks, and other risks associated with the Fund, can be found in the Fund's prospectus.

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