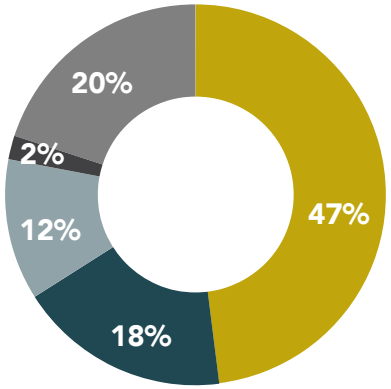
Miles Capital Funds

ALTERNATIVES ADVANTAGE FUND
QUARTERLY COMMENTARY

CLASS I MILIX | AS OF SEPTEMBER 30, 2019

ECONOMIC OVERVIEW

During the third quarter, the economy continued to display what the Federal Reserve (Fed) referred to as the "cross currents" of trade and growth uncertainties. Economic data remained strong, yet not as strong as previous quarters. This is partially due to elevations from the fiscal tax stimulus. GDP growth for the second quarter was a 2.1 percent increase which is still an acceptable rate. Corporate earnings growth for the second quarter was relatively solid as well as the consumer (roughly 70percent of the economy) is still exhibiting rather robust spending. During the quarter the Fed shifted their stance and lowered rates twice, as they became more concerned about the slowing growth and potential impacts from trade negotiations.



- Long/Short Equity
- Global Macro
- Event Driven
- Relative Value
- Market Neutral
- Cash

ALTERNATIVES ADVANTAGE FUND OVERVIEW

The United States and China de-escalated their trade war in advance of planned meetings in October. The U.S. delayed an increase in tariffs while China exempted certain agricultural products, namely soybeans and pork. This resulted in a constructive environment for equities, with the S&P 500 up +1.9% for the month. Long/short equity was one of the better performing strategies, but returns were muted due to sector positioning. Health care, a key sector exposure, continued to feel the effects of the "Medicare for all" rhetoric as well as broad concerns about rapidly increasing drug prices. Health care was the only sector in the S&P 500 to post a negative return.

Event driven strategies were the top performers, benefitting from the upward movement in equities as well as developments on specific merger transactions. The inversion of the U.S. yield curve had weighed on a widely held bank transaction, but the return to a positively sloped yield curve provided a bounce for banks, leading to a nearly +12% return in the target company.

Relative value strategies posted a small positive performance with credit related strategies leading the way due to slight tightening in credit spreads. While the Fed cut rates, they indicated no additional cuts through 2020 which contrasted with market expectations. The result was higher rates across most of the curve, providing a headwind to stronger performance.

Macro strategies struggled under reversals of several asset classes. Systematic strategies were particularly challenged as positioning for lower interest rates resulted in negative returns. Short exposure to agricultural commodities detracted, as corn rallied more than +8%. Currencies also proved to be difficult, as short exposure to the British pound created losses as the prospect for a no-deal Brexit declined.

STRATEGY CONTRIBUTORS

- Global Macro Managed Futures
- Event Driven
- Relative Value
- Long/Short Market Neutral
- Global Macro Discretionary

STRATEGY DETRACTORS

- Long/Short Directional

CONTACT

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

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.

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.

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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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