

361 U.S. Small Cap Equity Fund

The political climate was front and center for equity markets during the first quarter of 2017. As President Trump took office, several of his campaign objectives faced implementation hurdles and equities standing to benefit from domestic growth, lower taxes, and looser regulation had some air come out of their expectations. Investors reexamined growth targets when it became less certain that domestic pro-growth policies would be able to get enacted quickly. The withdrawal of the GOP's Health Care reform bill reignited the notion that lower taxes and a friendlier regulatory environment are a given. Additionally, on March 15th, the Federal Reserve lifted its benchmark rate by 25 basis points on March 15th, although it was widely anticipated. For the first three months of 2017, larger capitalized stocks outperformed smaller issues as the Russell 1000 Index beat the Russell 2000 by over 3.5%. Growth stocks outperformed value as well.

The 361 U.S. Small Cap Equity Fund gained 0.20% compared to the Russell 2000 Index, which increased 2.47%. Several factors created headwinds for our strategy, which led to the quarter's underperformance. Our measure of medium-term momentum indicated the most negative momentum stocks (quintile 5) in our small cap universe outperformed stocks exhibiting positive momentum by 340 basis points. Relative to the benchmark, the 361 U.S. Small Cap Equity Fund had a positive exposure to momentum, which created a drag on performance. Our relative over exposure to value also contributed to the Fund's underperformance in the quarter. The spread between the top quintile (attractively valued) and bottom quintile of our sector-neutral cash flow-to-price model was negative by 4.0%. We believe stocks that are more attractively valued tend to outperform over time and we should continue to have a positive exposure to this factor. As was the case in the broader equity markets, larger companies

generally outperformed smaller ones within our small cap universe. The largest 20% of stocks in the Russell 2000 returned 4.1%, whereas the smallest 20% declined by 1.5%. From a factor perspective, our equal-weighted strategy faces a challenging environment whenever bigger companies outperform smaller ones. Overall, the factor environment in the first quarter was less than ideal for our strategy.

Our process was able to generate a portfolio that was skewed to the behavioral anomalies in which we believe. The excess revision ratio for the small cap universe was 44.9%, meaning analysts covering the stocks from which we choose produced more negative earnings revisions than positive during the quarter. However, our holdings received 275 net positive earnings revisions. A randomly constructed portfolio would have been expected to receive 131 net negative revisions. Additionally, our holdings experienced more significant positive earnings surprises and less negative surprises compared to what would have been predicted in a random portfolio.

Individual holdings that contributed the most to performance in the quarter were Chemours, Heska, Exelixis, Masimo, and Louisiana-Pacific. The five stocks that detracted the most were AMAG Pharmaceuticals, Cliffs Natural Resources, Windstream, Bill Barrett, and ChannelAdvisor.*

The 361 U.S. Small Cap Equity Fund selects stocks believed to be the future beneficiary of positive analyst revisions and earnings surprises. Our alpha thesis is built on the belief that stock prices respond positively to these events due to changing expectations. As such, we remain focused on constructing a concentrated portfolio that is exposed to these factors.

Fund Performance

Total Returns (%)	1Q17	1 Year	Since Inception 12/30/2016
361 U.S. Small Cap Equity Fund I	0.20%	-	0.20%
Russell 2000 Index	2.47%	-	2.47%
Morningstar Small Blend Category	1.77%	-	1.77%

Annual Expense Ratio: Net with Limitation 1.25%† / Net 1.26% / 1.54% 1.54%. Returns shown over one year are annualized.

† Reflects contractual agreement to waive and/or pay for certain fees and expenses until 2/28/2018. See reverse for more information.

Past returns shown do not guarantee future results. Current performance may be lower or higher. Call 888-736-1227 for the latest month-end returns. Return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than original cost. Other share class performance may vary.

You should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. For a prospectus, or summary prospectus, that contains this and other information about the Funds, call 1-888-736-1227 or visit our website at www.361capital.com. Please read the prospectus or summary prospectus carefully before investing.

Investments made in small and mid-capitalization companies may be more volatile and less liquid due to limited resources or product lines and more sensitive to economic factors. The Fund may also invest in exchange-traded funds (ETFs), thus shareholders will bear additional costs and the ETF may not exactly replicate the performance it seeks to track.

† Furthermore, the Adviser has contractually agreed to maintain the total annual fund operating expenses at stated levels, exclusive of certain expenses such as acquired fund expenses and dividend and interest expenses on short sales until 2/28/2018. See Prospectus for additional details.

* Chemours, Heska, Exelixis, Masimo, Louisiana-Pacific, AMAG Pharmaceuticals, Cliffs Natural Resources, Windstream, Bill Barrett, and ChannelAdvisor represented 1.23%, 1.08%, 0.00%, 0.98%, 1.17%, 0.00%, 0.72%, 0.74%, 0.00% and 0.00% of the 361 U.S. Small Cap Equity Fund's portfolio, respectively as of 3/31/2017. Current and future portfolio holdings are subject to change and risk.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. **Morningstar Small Blend Category** is defined as small-blend portfolios that favor U.S. firms at the smaller end of the market-capitalization range. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. Indices and categories are unmanaged and are used as a benchmark to judge relative performance against its peers. It is not possible to invest directly into an index or category.

This material is prepared by 361 Capital, LLC and represents the views of the 361 Capital Investment Team. The material is for informational purposes only and should not be regarded as a recommendation or an offer to buy or sell any product or service to which this information may relate. Certain products and services may not be available to all entities or persons.

The 361 Funds are distributed by IMST Distributors, LLC.