

361 Global Long/Short Equity Fund

With the newly formed Trump administration taking their seats in Washington, Brexit beginning to take shape, and Asian markets shrugging off the potential for the “Trump effect” to reduce international trade, markets moved decisively higher for the first quarter of 2017. The MSCI World Index was up 6.38% for the quarter, while the 361 Global Long/Short Equity Fund performed well, returning 4.53%. That compares favorably to the long/short equity category, which underwhelmed for the quarter gaining just 2.87%.

One of the bigger hurdles for any long/short equity fund in a market that moves decisively higher is a reduced net market exposure, that is, a meaningful cash position. Because the 361 Global Long/Short Equity Fund has a relatively static net long bias of +70% market exposure, that cash position created a headwind for the strategy.

When viewing global equity markets through the lens of risk, i.e., beta, the first quarter of 2017 witnessed a slight normalization in risk/return characteristics. The lowest beta stocks outperformed (+5.59%) the highest beta stocks (+5.13%), albeit slightly as one can see. Perhaps most noteworthy, moderate beta stocks outperformed handedly. Recalling the original thesis of viewing beta as quintiles for risk, quintile 1 represents the lowest beta stocks while quintile 5 represents the highest beta stocks. In between reside quintiles 2, 3 and 4, representing more moderate beta companies, increasing in beta commensurate with a higher quintile classification. Quintiles 2 and 3 specifically, were the best performers for the quarter, at +8.00% and +7.57%, respectively. Maintaining exposure across the spectrum, then, was a meaningful tailwind for the Fund.

An additional benefit to the Fund’s performance came from the Factor Momentum Model, i.e., “Alpha Model.” While the model struggled to properly classify the universe of stocks according to expected return, meaning the “tilts” across expected return created a headwind, stock selection across the model was extremely robust. In particular, those companies believed to perform the best, were indeed the ones that moved the highest, outpacing the broader market by almost 2.47%.

At a sector level, there were some standouts. In particular, a short position in the Energy sector contributed nicely, given that sector fell (it was the only sector within the index in negative territory for the quarter). Elsewhere in the portfolio, an overweight to Healthcare proved fruitful, as it was one of the best performers in the universe, further bolstered by sound stock picks intra-sector. Underwhelming sectors included an underweight to Information Technology, which was the best performing sector, followed by an overweight and poor stock selection in Telecom Services.

Overall, the first quarter was in line with expectations for the 361 Global Long/Short Equity Fund. Generally speaking, “risk-on” markets can be difficult for this strategy in relative terms. In fact, we don’t expect the Fund to keep pace in these sorts of markets consistently. The first quarter was no exception, but the all-weather nature of the portfolio construction process resulted in outperformance of the peer group by a sizeable margin.

Fund Performance

Total Returns (%)	1Q17	1 Year	3 Year	Since Inception 1/6/2014
361 Global Long/Short Equity Fund I	4.53%	1.78%	6.84%	7.71%
MSCI World Index	6.38%	14.77%	5.52%	5.91%
Morningstar Long/Short Category	2.87%	6.46%	1.48%	1.84%

Annual Expense Ratio: Net with Limitation 1.69%† / Net 2.27% / Gross 2.22%. 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.

Investing involves risk, including possible loss of principal. The potential loss from a short sale is theoretically unlimited since the appreciation of the underlying asset also is theoretically unlimited. Foreign investment entails additional risk from adverse changes in currency exchange rates, tax regulation, and potential market instability. Frequent trading by the Fund may reduce returns and increase the number of taxable transactions. Concentration of its portfolio in relatively few issuers may make the Fund more volatile than a diversified fund.

The Analytic Global Long/Short Equity Fund, L.P. ("Predecessor Account") was a limited partnership that commenced operations on 1/6/2014 and reorganized into the Fund on 12/12/2014. The Fund's objectives, policies, guidelines and restrictions are, in all material respects, equivalent to those of the Predecessor Account. Performance shown prior to 12/12/2014 is that of the Predecessor Account and has not been adjusted to reflect the expenses of the Fund's Class I shares, which are lower than the expenses of the Predecessor Account. If the Class I expenses were reflected, the Predecessor Account returns would be higher than those shown. However, the Predecessor Account was not registered under the Investment Company Act of 1940 and therefore was not subject to certain restrictions on regulated investment companies. If the Predecessor Account had been registered its performance may have been lower.

[†] 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.

The **MSCI World Index** is a free float adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The index includes reinvestments of dividends, net of foreign withholding taxes. **Morningstar Long/Short Equity Category** is defined as long-short portfolios that hold sizable stakes in both long and short positions in equities and related derivatives. At least 75% of the assets are in equity securities or derivatives. It is not possible to invest directly in an index.

Beta measures a fund's sensitivity to market movements. The beta of a market is 1.00 by definition.

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