

361 Domestic Long/Short Equity Fund Investment Commentary

March 31, 2018

361 CAPITAL®

Investment Philosophy

The 361 Domestic Long/Short Equity Fund, sub-advised by Analytic Investors, seeks to deliver equity-like returns with significantly less volatility by taking advantage of the low volatility anomaly (i.e., going long lower volatility stocks and shorting higher volatility stocks) and dynamically allocating to high predicted alpha stocks.

Market Environment

Uncertainty returned to the global equity markets with a vengeance in the first quarter as the CBOE Volatility Index jumped above 50 in early February. U.S. wage pressures, transportation cost increases and record U.S. Treasury issuance pushed short-term interest rates past equity investors' comfort zone. As a result, both international and U.S. stocks suffered their first quarterly declines in ten quarters. The market retreat accelerated in March as the White House enacted tariffs on steel and aluminum which resulting in a trade war with China.

Performance

Total Returns (%) As of 3/31/2018*	1Q18	1 Year	Since Inception
361 Domestic Long/Short Equity Fund Class I	4.15%	13.67%	8.11%
Russell 1000 Index	-0.69%	13.98%	15.69%
Morningstar Category	-0.89%	6.67%	13.57%

Annual Expense Ratio: Net 2.15% / Gross 2.76%.

*Returns shown over one year are annualized. Returns include the reinvestment of dividends and income.

Includes dividend and interest expense on short sales, acquired fund fees and expenses. When excluded, the net with limitation expense ratio is: 1.54%. See reverse for more information.

Manager Comments (1Q18)

- After posting only eight daily returns exceeding +/-1% last year, the S&P 500 Index experienced 12 such days in February, and another nine in March (the average over the past decade has been 65 such days per year). Indeed, volatility returned to the markets. In what was a challenging environment, the Fund performed quite well relative to both its benchmark and peer group.
- The Fund's net exposure (approximately 70%) added 26 basis points to relative performance, as equity markets declined. Having a 30% cash position will always be beneficial in down markets.

Highlights

- Volatility has returned to the markets with the S&P 500 Index experiencing 21 days during the quarter with daily returns exceeding $\pm 1\%$ —compared to 8 days in all of 2017.
- For the quarter, the 361 Domestic Long/Short Equity Fund outperformed both the benchmark and its peers.
- The Fund was ranked 25 among 271 funds in the Morningstar Long/Short Equity Category based on total returns for the one year period as of 3/31/2018.
- For investors concerned about increasing volatility, we believe that our approach, which focuses on risk management, is well positioned to dampen drawdown risk relative to long-only equity strategies

Fund Details

Inception	3/31/2016
Sub-Advisor	Analytic Investors
Benchmark	Russell 1000 Index
Morningstar Category	Long/Short Equity

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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.

Manager Comments (continued)

- The beta profile was also additive, primarily due to the overweight to low volatility stocks.
- The Fund's alpha models were the major drivers of outperformance for the quarter, as the stocks within the highest predicted alpha quintile, not only outperformed the other quintiles, but also were positive in a quarter when stocks were down.
- Stock selection relative to the alpha models was decidedly positive.
- Lastly, from a sector perspective, portfolio positioning was negative, costing about 90 basis points. The large overweight to Real Estate was the biggest single detractor.
- For investors concerned about rising volatility due in part to high stock valuations, rising interest rates and a steady stream of geopolitical concerns, we believe that our Long/Short Equity approach, which focuses on risk management, is well positioned to dampen drawdown risk relative to long-only equity strategies.

Portfolio Management



Harindra de Silva, Ph.D., CFA

- President of Analytic Investors
- Portfolio Manager
- 31 years of financial industry experience



Dennis Bein, CFA

- CIO at Analytic Investors
- Portfolio Manager
- 27 years of financial industry experience



Ryan Brown, CFA

- Portfolio Manager
- 12 years of financial industry experience

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. 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 Fund is new and has a limited operating history. As a result, prospective investors have a short track record on which to base their future investment decisions.

† 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 2/28/2019. See Prospectus for additional details.

The **Russell 1000 Index** measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership, and includes the reinvestment of dividends. **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.

Alpha measures the difference between a fund's actual and expected returns, based on beta, and is generally used as a measure of a manager's added value over a passive strategy. **Beta** measures a fund's sensitivity to market movements. The beta of a market is 1.00 by definition.

Morningstar rankings are based on a fund's average annual total return relative to all funds in the same Morningstar category. Fund performance used within the rankings, reflects certain fee waivers, without which, returns and Morningstar rankings would have been lower. Mutual funds are assigned a rank within a universe of funds, relative to a peer group and similar in investment objective as determined by Morningstar. The lower the number rank, the better the fund performed compared to other funds in its category.

The 361 Funds are distributed by IMST Distributors, LLC.