

361 Global Managed Futures Strategy Fund Investment Commentary

March 31, 2018

361 CAPITAL

Investment Philosophy

The 361 Global Managed Futures Strategy Fund seeks to generate performance by employing a suite of systematic trading models that take positions (long, short, or cash) in equity index futures contracts across the globe.

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, resulting in a trade war with China.

Performance

Total Returns (%) As of 3/31/2018*	1Q18	1 Year	3 Year	Since Inception
361 Global Managed Futures Strategy Fund Class I	-3.80%	1.24%	5.34%	3.32%
FTSE 3-Month T-Bill Index	0.35%	1.07%	0.49%	0.37%
Morningstar Category	-3.01%	-0.71%	-3.51%	1.50%

Annual Expense Ratio: Net 1.77% / Gross 1.79%

*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: 1.74%. 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.

Manager Comments (1Q18)

- The MSCI World Index experienced its first down quarter since the first quarter of 2016. During the quarter, the Index fell more than 9%, and then recovered about 5%. Following the recovery, there was another 5% drop; all within the span of about two months.
- Volatility returned to the markets during the first quarter with the MSCI World Index experiencing 14 days with daily returns exceeding $\pm 1\%$ —compared to 3 days in all of 2017. While January was a low volatility month, like the 14 months prior, on February 5 the VIX Index spiked to 37. Since then the VIX has ranged between 15 and 25.

Highlights

- As a result of equity market uncertainty, both international and U.S. stocks suffered their first quarterly declines in ten quarters.
- The Fund experienced its first quarterly loss since the third quarter of 2015, ending a nine-quarter streak of positive returns.
- The Fund earned an Overall Rating™ of five stars from Morningstar among 94 in the Managed Futures Category based on risk-adjusted returns, as of 3/31/2018.
- We expect the Fund to struggle in transitional time periods like February. However, these transitional periods have historically been followed by noisy and volatile periods where our short-term counter trend strategies have performed well.

Performance Statistics

	Fund	Category
Alpha α	1.93	0.53
Beta	0.15	0.04
Correlation	0.18	0.06
Std Deviation	7.92	7.52
Sharpe Ratio	0.38	0.11

Data from 3/1/2014-3/31/2018 for Class I Shares. Statistics calculated using monthly return data relative to MSCI World Index.

Fund Details

Inception	2/12/2014
Benchmark	FTSE 3 Month T-Bill Index
Morningstar Category	Managed Futures
Vehicles Available	Separate Account Mutual Fund

(Continued on back)

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 Fund saw its first quarterly loss since the third quarter of 2015, ending a nine-quarter streak of positive returns.
- All three regions (U.S., Europe, and Asia) were detractors to the Fund's return for the quarter. The largest detractor was Europe, specifically the Euro Stoxx 50 Index and the Deutsche Boerse AG German Stock Index, followed by the U.S. and then Asia.
- We expect the Fund to struggle in transitional time periods like February. However, these transitional periods have historically been followed by noisy and volatile periods where our short-term counter trend strategies have performed well.
- Due to the historical close-to-zero correlation to equities and trend followers, our strategy makes for a strong diversifier within a portfolio.

Portfolio Management



Cliff Stanton, CFA

- Co-Chief Investment Officer
- Portfolio Manager
- 24 years of financial industry experience



Jeremy Frank, FRM

- Portfolio Manager
- 17 years of financial industry experience



Aditya Bhawe

- Portfolio Manager
- 7 years of financial industry experience



Jason Leupold, CAIA

- Portfolio Manager
- 16 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. Futures prices can be very volatile. The small margin required for futures contracts magnifies the effect of market volatility and allows the loss from a contract potentially to exceed the Fund's initial investment. With short contracts, the loss 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.

Effective January 2018, the Citigroup 3 Month T-Bill Index changed its name to the FTSE 3 Month T-Bill Index.

The **FTSE 3 Month T-Bill Index** measures monthly return equivalents of yield averages that are not marked to market. The **Three-Month Treasury Bill Indexes** consist of the last three three-month Treasury bill issues.

Morningstar Managed Futures Category is defined as funds that primarily trade liquid global futures, options, swaps, and foreign exchange contracts, both listed and over-the-counter. More than 60% of the fund's exposure is invested through derivative securities. These funds obtain exposure primarily through derivatives; the holdings are largely cash instruments. It is not possible to invest directly in an index.

Standard Deviation is a statistical measurement of performance fluctuations. Generally, the higher the standard deviation, the greater the expected volatility of returns. **Beta** measures a fund's sensitivity to market movements. The beta of a market is 1.00 by definition. **Sharpe Ratio** is a ratio developed to measure risk-adjusted performance. **Correlation** is a statistical measure of how two securities perform relative to each other. **Maximum Market Exposure** is the maximum levered exposure the model allows in each market traded.

For the 3 year period, the Fund was rated 5 stars among 94 Managed Futures Funds. Ratings reflect fee waivers in effect; in their absence, ratings may have been lower. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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