

361 Global Managed Futures Strategy Fund Investment Commentary

September 30, 2018

361 CAPITAL[®]

Investment Philosophy

The 361 Global Managed Futures Strategy Fund seeks to generate an uncorrelated return by employing a suite of systematic trading models that take positions (long, short, or cash) in equity index futures contracts across the U.S. Europe and Asia.

Category Overview

- The Morningstar Managed Futures Category returned 1.56% for the quarter, but saw wide dispersion with the top performing manager up over 7%, and the bottom performing manager down more than 3%.
- Trends that drove performance for traditional trend followers included short positions in gold and silver, as well as long positions in the S&P 500 Index and Nikkei Index. The biggest detractors were in Bonds, particularly long positions in longer-dated Treasuries.
- During the quarter, volatility was low with the VIX ending each month under 13.
- Year-to-date the category is down over 2% with wide dispersion. Some funds are up over 10%, while others are down more than 10%. This dispersion is due in part to the wide array of styles (e.g., short term, intermediate term, long term, counter trend), as well as wide ranges of leverage and volatility targets.

Statistics

	Fund	Category
Alpha α	1.60	0.33
Beta	0.15	0.04
Correlation	0.19	0.06
Std Deviation	7.51	7.23
Sharpe Ratio	0.37	0.09

Data from 3/1/2014-9/30/2018 for Class I Shares. Statistics calculated using monthly return data relative to MSCI World Index.

Manager Comments (3Q18)

- Within the wide variety of programs in the category, our strategy is one of two single manager, short-term counter trend funds. Our models seek to exploit overreactions in equity markets and profit from the short-term mean reversion often observed following outsized moves (up or down). We expect the Fund to perform well in choppy or 'noisy' markets, while being more muted in steadily rising markets. With the VIX again below its long-term average, and noise at low levels for most of the quarter, the Fund performed in line with expectations.
- The portfolio was fairly active during the quarter, particularly across Asian markets. The Fund was invested 21.68% of the time on a net basis, while capturing over 40% of the return of the MSCI World Index.

Highlights

- For the quarter, the 361 Global Managed Futures Strategy Fund was up 2.18%, outperforming the category by 62 bps.
- Since inception, the Fund has returned 3.29% vs. 1.45% for the category.
- The Fund has delivered a unique source of return that has low correlation to stocks 0.21%, bonds -0.01% and the Managed Futures category 0.21% since inception.*
- The Fund earned a five-star Overall Morningstar RatingTM among 95 funds in the Managed Futures Category based on risk-adjusted returns, as of 9/30/2018.

Performance

Total Returns (%) As of 9/30/2018**	3Q18	1 Year	3 Year	Since Inception 02/12/14
361 Global Managed Futures Strategy Fund- Class I	2.18%	-1.01%	6.12%	3.29%
FTSE 3-Month T-Bill Index	0.50%	1.57%	0.80%	0.53%
Morningstar Category	1.56%	2.01%	-1.53%	1.45%

Annual Expense Ratio: Net 1.77%/ Gross 1.79%

The Net with Limitation expense ratio is 1.99% for Class I. Gross expense ratio includes dividend and interest expense on short sales, acquired fund fees and expenses. 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.

*Source: Morningstar. Data from 3/1/2014 to 9/30/2018. Data is represented by the following sources: Stocks by the S&P 500 Index and Bonds by the Barclays Aggregate Bond Index.

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

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)

- A common signature of short-term counter trend models is high hit ratios (i.e., profitable versus not profitable trades) which historically have been between 55-70%. For the quarter, we participated in a total of 137 trades—winning on 85 of them for a hit ratio of 62%. Since inception, the hit ratio is 64%, which is in line with expectations.
- Positions in European markets were the largest detractors for the quarter, as all markets delivered negative returns. Much of this was driven by September, as European markets sold off early in the month, and the Fund was invested long. This was followed by a strong reversal, which helped quell losses.
- Our strategy has struggled slightly year-to-date as it is still recovering from its drawdown in the first quarter. Over the long term, however, it has provided investors with a positive uncorrelated return. Since inception, the Fund has returned 3.29% vs. 1.45% for the category.
- Ever-rising markets often lead investors to question allocations to diversifying strategies. We believe it is prudent to remain disciplined. With many uncertainties ahead (e.g., trade wars, rising rates, etc.), maintaining exposure to strategies that can generate return without market beta may be beneficial to investor portfolios.

Index Attribution

	Europe -0.82	United States 1.03%	Asia 1.75%
DAX	-0.57%	S&P 500 0.30%	KOSPI 200 0.37%
Euro STOXX 50	-0.18%	Nasdaq 0.54%	Hang Seng 1.05%
CAC 40	-0.05%	Russell 2000 0.13%	Nikkei 225 0.28%
FTSE MIB	-0.01%	Dow 0.06%	Taiwan 0.05%
FTSE 100	-0.01%		

Since the financial crisis, the yield earned on cash has been low. Should rates continue to rise, it could be a tailwind for our strategy and the category.

Noise Statistics

	% of Time	S&P 500	AGFZX	Category
High	60%	0.00%	0.37%	-0.10%
Low	40%	2.58%	0.15%	0.42%

Average monthly returns (02/28/14-09/30/18)

As expected, our strategy has delivered a positive return in noisy environments since inception—providing a return differentiated from the category or long-only equities.

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.

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. **DAX Index** reflects the segment of blue chips admitted to the Prime Standard Segment and comprises the 30 largest and most actively traded companies that are listed at the FWB® Frankfurter Wertpapierbörse. **EURO STOXX 50 Index** is Europe's leading Blue-chip index for the Eurozone, provides a Blue-chip representation of supersector leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries. The Index is licensed to financial institutions to serve as underlying for a wide range of investment products such as Exchange Traded Funds (ETF), Futures and Options and structured products. **CAC 40 Index** is the most widely-used indicator of the Paris market, reflects the performance of the 40 largest equities listed in France, measured by free-float market capitalization and liquidity. **FTSE 100 Index** is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. **FTSE MIB Index** is the benchmark stock market index for the Borsa Italiana, the Italian national stock exchange. The index consists of the 40 most-traded stock classes on the exchange. **S&P 500 Index** is a commonly recognized, market capitalization weighted index of 500 widely held equity securities, designed to measure broad U.S. equity performance. **NASDAQ 100 Index** measures the 100 largest, most actively traded U.S. companies listed on the Nasdaq stock exchange. This index includes companies from a broad range of industries with the exception of those that operate in the financial industry, such as banks and investment companies. **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. **The Dow Jones Industrial Average (DJIA)** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the Nasdaq. **KOSPI 200 Index** is a capitalization-weighted index of 200 Korean stocks which make up 93% of the total market value of the Korea Stock Exchange. **Hang Seng Index** is a market capitalization-weighted index of the largest companies that trade on the Hong Kong Exchange. **Nikkei-225 Index** is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. **Taiwan Stock Exchange Index (TWSE)** is a weighted index is made up of all the stocks in the Taiwan Stock Exchange and each is given a weight based on its market capitalization.

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. **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. **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. **Hit Ratio** is the number of winning active signals divided by the number of total active signals. It does not take into account how much was won or lost, simply if they are profitable.

The 361 Global Managed Futures Strategy Fund Class I shares was rated 5 stars Overall and for the 3-year period among 95 funds in the Managed Futures funds category. Ratings reflect fee waivers in effect; in their absence, ratings may have been lower.

Morningstar Ratings™ are calculated for managed products including mutual funds with at least a three-year history. ETFs 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 weight is 100% for a three-year rating for 36-59 months of total return.

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