

361 Managed Futures Strategy Fund Investment Commentary

March 31, 2018

361 CAPITAL

Investment Philosophy

The 361 Managed Futures Strategy Fund seeks to deliver an actively managed futures strategy in a mutual fund vehicle. The Fund follows a proprietary investment methodology that employs tactical trading signals based on a combination of medium-term price and volume trends and short-term technical indicators against those trends.

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	5 Year	Since Inception
361 Managed Futures Strategy Fund Class I	-1.96%	5.32%	-0.26%	2.40%	3.24%
FTSE 3-Month T-Bill Index	0.35%	1.07%	0.49%	0.31%	0.26%
Morningstar Category	-3.01%	-0.71%	-3.51%	0.55%	-0.81%

Annual Expense Ratio: Gross 1.90%.

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

Manager Comments (1Q18)

- The S&P 500 Index experienced its first down quarter since the third quarter of 2015. During the quarter, the Index fell more than 10%, and then recovered about 7%. Following the recovery, there was another 7% drop; all within the span of about two months.
- Volatility returned to the markets during the quarter with the S&P 500 Index experiencing 21 days with daily returns exceeding $\pm 1\%$ —compared to 8 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

- The S&P 500 had its first down quarter since the third quarter of 2015.
- For the quarter, the 361 Managed Futures Strategy Fund outperformed its peers in the Morningstar Managed Futures category.
- We expect the Fund to struggle in transitional time periods such as 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.

Performance Statistics

	Fund	Category
Alpha α	2.70	-2.18
Beta	0.04	0.09
Correlation	0.07	0.13
Std Deviation	6.25	6.58
Sharpe Ratio	0.53	-0.15

Data from 1/1/2012-3/31/2018 for Class I Shares. Statistics calculated using monthly return data relative to S&P 500 Index.

Fund Details

Inception	12/20/2011
Benchmark	FTSE 3 Month T-Bill Index
Morningstar Category	Managed Futures

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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 Fund had a positive return in January followed by losses in February and March.
- Over the quarter, the Fund had positive attribution from the NASDAQ 100 Index, however the other four equity markets and VIX allocation detracted from performance.
- The Fund did not have a position on in the VIX trade during all of February, so the Fund's allocation to the VIX futures was not impacted by the VIX spike to 37 on February 5.
- We expect the Fund to struggle in transitional time periods such as 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 a 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 may 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. Fund assets not invested in futures are invested primarily in investment-grade bonds. Bond prices generally fall when interest rates rise. 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. **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. **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. **VIX** is the ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. This volatility is meant to be forward looking, is calculated from both calls and puts, and is a widely used measure of market risk, often referred to as the "investor fear gauge."

The 361 Funds are distributed by IMST Distributors, LLC.