Market Highlights

March 2018

Fund Performance Review

For 2017Q4, Cedar Ridge Unconstrained Credit Fund (the "Fund") generated a negative net return of -1.66% (Institutional Class) and -1.63% (Investor Class). For the calendar year 2017, Fund returns were a positive 3.30% (Institutional Class) and 3.06% (Investor Class). Fixed income indices published by Bloomberg Barclays for the fourth quarter included US Aggregate 0.39%; US High Yield 0.47%; Municipal Bonds 0.75%; and High Yield Municipal Bonds 1.83%. During the quarter, US Treasury market rates moved significantly as yields increased by 40 basis points in 2 years, 27 basis points in 5 years, and 8 basis points in 10 years while rates declined by 12 basis points in 30 years. This curve flattening was punctuated by the Fed hiking its target Fed Funds rate by 25 basis points at its December 13 meeting.

As for 2017Q4 return attribution, long duration U.S. Treasury and rate sensitive corporate bond short positions were a drag on performance, as the curve flattening benefited long duration securities over short duration securities. Also weighing down performance were certain portions in energy and transportation, as well as Puerto Rico. Positive contributions to returns were generated by longer duration municipal bonds as well as certain short corporate and treasury positions at the front end of the curve.

While Puerto Rico bonds suffered significant weakness in September and early October, in the aftermath of two devastating hurricanes, Fund holdings in Puerto Rico continued to be a drag on performance during the quarter, though holdings in essential service utility providers, PRASA and PREPA, have begun to recover and are well off their lows.

Market Observations

The fourth quarter of 2017 and the beginning of 2018 have been dominated by several themes: tax reform and its various implications, continued Fed tightening, higher interest rates, and the sudden return of volatility.

Tax reform was thrust upon the markets and the economy, with significant changes the likes of which haven't been seen since 1986. Tax rates were meaningfully lowered for certain business borrowers, while personal tax rates were little changed, particularly in the upper tax brackets. Included in the personal tax reforms were new limits on the deductibility of state and local taxes as well as mortgage interest. While the impacts of the reforms are still being analyzed, much of the benefit of lower rates will be offset by the limits on deductions. The general impact of lower rates for corporate tax payers has been positive, leading to increased earnings estimates and the potential for wages and salaries to rise (many companies have announced employee bonuses as a result of expected lower tax liabilities), as well as shareholder friendly actions, such as increased dividends, stock buybacks, and a likely increase in M&A activity.

Equity markets reacted positively during 4Q17 and early January 2018, as most major indices spiked higher before retreating in a significant correction beginning January 26. The S&P 500 returned 12.07% from October 31, 2017 to January 26, 2018, and was up 7.54% from December 31, 2017 to January 26, 2018 alone. However, the benefits of tax reforms will not be universal across the board; they are better for some industries and companies than others. These distinctions should present credit investors with opportunistic relative value investment opportunities.

In addition to the impact on the private sector markets, tax reforms also changed the landscape for public finance and municipal bonds. During November and December, the tax reform negotiations included provisions that would eliminate the issuance of private activity municipal bonds, as well as the ability of municipal borrowers to pre-refund existing debt and issue new, presumably lower cost debt in its place. Since the proposed tax reforms were to be enacted with no transition period (changes became law January 1, 2018) late in the year municipal bond borrowers flooded the market with new issues as they rushed to complete their financings before the tax law changes came into effect.

New issue municipal bond volume in December 2017 was the highest such monthly issuance on record. Much of this supply was not immediately sold to end use investors, and instead was carried in inventory by underwriting dealers, creating a supply overhang that continued into January 2018. Ultimately, pre-refundings were disallowed while private activity bonds continue to be allowed under the new tax laws, but the damage had been done, and the municipal market continued to trade heavy to start the year, in stark contrast to the normal "January effect" commonly seen in prior years. For the month of January 2018, the Bloomberg Barclays Municipal Bond Index returned a negative 1.18%, and the Bloomberg Barclays Muni High Yield Index returned a negative 0.94%. In the long run, we believe the tax reforms will be a net positive for the municipal bond market, both from fundamental credit and supply/demand perspectives, and the result will be changes that should create further relative value credit investment opportunities.

The Federal Reserve began raising its Fed Funds target in December 2015. The Fed has continued its slow but steady rate hike policies, and in December 2017 raised its target range to 1.25-1.50%. While the January 2018 meeting saw the target rate left unchanged, the Fed is not standing still. The Fed has announced that it will begin to reduce the size of its balance sheet, albeit slowly, by tapering its reinvestment of maturing debt. This can only be seen as a tightening move. Also, the Fed has a new Chair, Jerome Powell. It is consensus that Chairman Powell will provide continuity by generally following the existing playbook left by outgoing Chair Janet Yellen, but there are no guarantees he will. In fact, given his appointment coincides with a mid-term election year, and over half of the voting members of the FOMC will turnover this year, it is safe to assume that there are bound to be changes and likely deviations from expectations where the Fed is concerned. The fixed income markets have responded accordingly, with higher interest rates. While yield curves have flattened overall, they reached their lowest point in over 10 years on January 31, and have steepened meaningfully since then. More uncertainty may push curves steeper still. Higher rates and steeper curves are generally negative for fixed income markets, especially those higher quality credit markets that tend to be more sensitive to interest rates.

Finally, January 2018 saw the return of volatility. The equity markets had not suffered a meaningful correction since 2015/2016. But after a strong finish to 2017, and start to 2018, the S&P 500 dropped more than 9% over 10 trading days from January 29 to February 9. At the same time, bonds and interest rates provided no place to hide. The 30-year U.S. Treasury experienced intraday swings of 2-3% and was down more than 5% over the same 10 trading days, while the Bloomberg Barclays Aggregate Index was down 0.85% and the Bloomberg Barclays US High Yield Index was off 2.06%. Importantly, CRUMX was down just 0.19% over this same period.

Market Outlook

Corporate credit markets have shown some weakness and spread widening with the recent market volatility and equity sell off. That said, we continue to believe the corporate credit markets are exhibiting mid-to-late stage statistics and behavior. While this may continue for some time, particularly as the impacts of tax reforms are incorporated into the operating and balance sheet decisions of various companies, we are positioning accordingly, continuing to identify unique long and short opportunities, run low net exposures, seek asset coverage and downside protection in our longs, and the opposite in our shorts, and find idiosyncratic and process-driven special situation investments that are less correlated with the broader markets. We also view the municipal market as presenting many areas of opportunity, from distinct sector and credit situations, to yield curve options, as well as in the long run a favorable supply/demand dynamic.

As stated earlier, the FOMC raised its target for federal funds at its December 13 meeting, and has signaled that as many as 3 more rate hikes are possible this year. Our thoughts regarding the Fed's "disclosure policies" and need for providing "transparency" in its decision-making are well known; we are not a fan. As market participants lurch from

FOMC meeting to FOMC meeting, as well as from Fed speaker to Fed speaker in an attempt to discern impending Fed actions, near term market volatility has more to do with changes in forecasted expectations than it has to do with actual policy impacts. Much will be made of the Fed's analysis of economic data, and its interpretation of the impacts of tax reform on actual economic behavior as well as the massive deficit borrowings that will take place. Throw on top the personnel turnover of FOMC voting members, and the upcoming mid-term election cycle, we would expect more uncertainty going forward.

Performance *as of December 31, 2017*

	YTD	1 Year	3 Year	Since Inception (12/12/13)*
Institutional – CRUMX	3.30%	3.30%	2.18%	4.31%
Investor – CRUPX	3.06	3.06	1.93	4.08
Bloomberg Barclays US Aggregate Bond Index	3.54	3.54	2.24	3.08
Morningstar Long-Short Credit Cat. Avg.	2.44	2.44	1.65	-
Morningstar Category Rank - CRUMX*	-	39%	32%	-
Morningstar Category Rank - CRUPX*	-	45%	39%	-
# of Funds in Category	-	50	36	-

**Based on total return.*

Quoted performance is historical and does not guarantee future results. Current performance may be lower or higher. Call 855-550-5090 for the most recent month-end returns. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Quoted performance is total return. Returns would have been lower without an expense limitation agreement in effect.

Annual Fund operating expenses, as a percentage of the value of your investment, as of the prospectus dated 3/1/18, were 4.38% and 4.63% (4.18% and 4.43%, respectively, after waiver/reimbursement) for Institutional Class and Investor Class shares, respectively.

The Fund's advisor has contractually agreed to waive its fees and/or pay for operating expenses of the Fund to ensure that total annual fund operating expenses (excluding any taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, acquired fund fees and expenses (as determined in accordance with Form N-1A), expenses incurred in connection with any merger or reorganization, and extraordinary expenses such as litigation expenses) do not exceed 1.39% and 1.64% of the average daily net assets of Institutional Class and Investor Class shares of the Fund, respectively. This agreement is in effect until 2/28/19, and it may be terminated before that date only by the Trust's Board of Trustees. The Fund's advisor is permitted to seek reimbursement from the Fund, subject to certain limitations, of fees waived or payments made to the Fund for a period of three years from the date of the waiver or payment.

Consider the investment objectives, risks, charges, and expenses of the Cedar Ridge Unconstrained Credit Fund carefully before investing. Read it carefully before investing. To obtain a prospectus please call toll free at 1-855-550-5090.

Mutual fund investing involves risk, including possible loss of principal. Credit-related instruments typically decrease in value when interest rates increase. Concentration in a small number of issuers increases the risk that one issuer could have a large adverse impact on the Fund's return. Borrowing and frequent trading could increase the Fund's operating expenses. High-yield bonds involve greater risk of default, and may be more volatile and less liquid, than investment grade securities. Subordinated and unsecured loans may be disproportionately affected by default and downgrade. Foreign investments may be adversely affected by currency fluctuations, lower liquidity, lax regulation, and political instability. Derivatives can be highly illiquid and difficult to unwind. The Fund's short positions may equal up to 100% of the Fund's net asset value. Short sales theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase.

Shares of the Cedar Ridge Unconstrained Credit Fund are distributed by IMST Distributors, LLC 3/18

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