

# Cedar Ridge Unconstrained Credit Fund

March 31, 2017

## Portfolio Management

**Alan Hart**  
CIO

**Jeffrey Rosenkranz**  
Co-CIO

**David Falk**  
Portfolio Manager

**Guy Benstead**  
Portfolio Manager

For the month of March 2017, Cedar Ridge Unconstrained Credit Fund (the "Fund") generated a positive net return of 0.30%/0.33% (Institutional Class/ Investor Class). Year-to-date, Fund returns are a positive 2.85%/2.79% (Institutional Class / Investor Class). Fixed income indices published by Bloomberg Barclays for the month of March included US Aggregate -0.05%; US Credit - 0.23%; US High Yield - 0.22%; Municipal Bonds 0.22%; and High Yield Municipal Bonds 0.23%. US Treasury market yields moved higher over the month as yields increased by 4 bps in 5 and 10 years and 5 bps in 30 years.

Municipal bond positions contributed positively to Fund returns in March with solid performance from a number of tobacco, transportation, health-care and corporate-backed credits. New issue supply for the month totaled \$29.8 billion bringing year-to-date issuance to only \$87.6 billion (compared to \$100 billion for 2016Q1). Lipper reported aggregate inflows to tax-exempt mutual funds for the month totaling \$1.3 billion. Despite a fair amount of "noise" over healthcare and tax reform, the federal budget and the Gorsuch Supreme Court nomination, the tax-exempt curve adjusted only slightly over the month as "AAA" MMD yields increased 5 bps in 5 years, decreased 4 bps in 10 years and were unchanged in 30 years. Also noteworthy in March was a 29 bps increase to 0.91% in the SIFMA index, the floating rate benchmark for municipal securities.

In the corporate credit markets, IG and HY credit spreads widened 2bps to +120bps and +421bps respectively. Total returns were modestly negative -0.2% for both IG and HY. Heavy supply of \$126 billion in IG capped the largest Q1 ever at \$386 billion. HY new issuance of \$42 billion was the highest month since September 2013 at the same time that HY funds saw \$7.5 billion of outflows. As always, we will be tracking fund flow, supply and dealer inventory trends coincident with our fundamental credit analysis. Both the long and short corporate credit portions of the portfolio contributed positively to performance. Long investments were driven by strong performance out of Intelsat, CHC Helicopter, and Rain Carbon in particular, in addition to the broad-based strength in corporate credit markets. Continued momentum towards an improvement to the proposed merger terms between Intelsat, OneWeb and Softbank drove bond prices higher. CHC Helicopter emerged from Chapter 11 on March 24th with a much-improved cost structure and a suitable capital structure to match. Rain Carbon successfully priced a scaled-down new issue and called its near-dated bond maturity as well as a portion of the 2021 bonds that the Fund owns. Detractors included Quorum Health reported disappointing Q4 results and we exited the modest remaining position in the Fund. Regarding short positions, there were very few notable credit events during the month, and both the short corporate and short US Treasury books contributed modest positive returns during the month.

The Federal Reserve did raise rates at its March 15<sup>th</sup> meeting; FOMC members cited the underlying strength in the equity markets as giving comfort to moving rates higher. That said, we are of a mind that had the Fed meeting date been held later in the month, a rate increase may have been postponed. Much of the euphoria towards the equity markets has been due to projections on Trump Administration initiatives around ObamaCare, tax reform, infrastructure spending and increased defense spending. The first attempt at "repeal and replace" of ObamaCare was never brought to a floor vote; rumors persist that another attempt will be made in coming weeks. But it is likely that meaningful changes to fiscal, tax, healthcare, infrastructure spending, economic, trade and other policy initiatives will take longer than projected. In signs that investors are growing restless, market performance for the last two weeks of the month saw The Dow Jones Industrial Index fall 1.36% and the price of 30-year US Treasury securities rallied almost 3%.

\*\* Note: Data source Bloomberg Markets

Share Class	Ticker	CUSIP
Investor	CRUPX	46141T208
Institutional	CRUMX	46141T109

## Investment Objective and Strategy ("Long/Short Credit")

The Fund is a "long/short credit" fund managed as a total return fund with a stated investment objective to seek capital appreciation and income. The Fund's Advisor aims to achieve this investment objective through the active management of a portfolio of credit-related instruments available in the US marketplace, including Municipal Bonds (high yield and high grade; tax-exempt and taxable), Corporate Bonds (high-yield and high-grade), Preferred Securities and US Treasury Securities.

The Fund's Advisor employs its "long/short credit" investment strategy by attempting to identify undervalued securities to fulfill its long positions, and likewise implement short positions in fully valued or overpriced securities. The Advisor employs a "top-down" analysis of fundamental macroeconomic trends that influence the level and direction of interest rates and business cycles, and combines this analysis with "bottom-up" security selection to construct and manage a portfolio with the best chance of realizing the Fund's total return investment objective. The Advisor utilizes a variety of hedging strategies and techniques while actively managing risk across the Fund's long and short positions.

Category: Long-Short Credit  
Dividend: Quarterly  
AUM: 88.15mm  
Inception: 12/12/2013

Expense Ratios* by Share Class As of 11/30/2016	Gross Expense Ratio	Net Expense Ratio*	Net Expense Ratio (Before Waived Fees)**	Net Expense Ratio (After Waived Fees)**
Investor	4.53%	4.20%	1.99%	1.64%
Institutional	4.28%	3.95%	1.74%	1.39%

\*See footnote page 3.

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, tax 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.

Cedar Ridge Partners, LLC

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## Performance (% at NAV)

Total Return	As of 3/31/2017					As of 12/31/2016	
	March	3 Month	1 Year	3 Year	Life*	1 Year	Life*
Institutional	0.30%	2.85%	6.16%	3.31%	5.18%	4.27%	4.64%
Investor	0.33%	2.79%	6.01%	3.03%	4.95%	4.03%	4.42%
Bloomberg Barclays Aggregate	-0.05%	0.82%	0.44%	2.68%	2.97%	2.65%	2.93%

\* Since fund inception on 12/12/2013; annualized

*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 and does not reflect a 1% fee applied to shares redeemed within 30 days of purchase. Returns would have been lower without an expense limitation agreement in effect.*

The Bloomberg Barclay's U.S. Aggregate Bond Index is an unmanaged index of the U.S. dollar-denominated investment grade fixed-rate taxable bond market. It includes government, corporate, mortgage-backed, and asset-backed debt securities with a maturity of at least 1 year. It is not possible to directly invest in an index.

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, tax 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.

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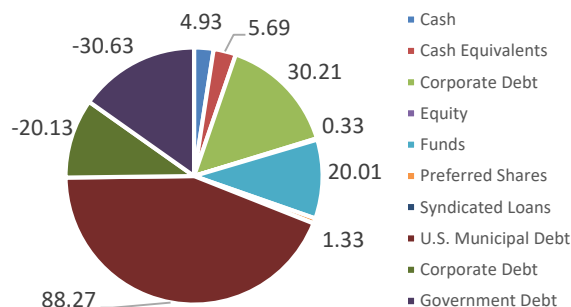
## Top Holdings (%)

## Sector Exposure:‡

		Development	16.70
New York N Y City Mu Var Rt	3.40	General	15.13
		Demand	14.63
New York City NY Tr Var Rt	3.40	Tobacco Settlement	14.51
		Water	11.63
California St	2.91	Transportation	8.90
		Airport	6.88
Tobacco Settlement A	2.84	Consumer Discretionary	6.73
		Energy	6.36
M-S-R Energy Auth A	2.82	Medical	6.12
		Materials	4.92
New Jersey Economic	2.81	Financials	4.89
		Power	4.70
Mississippi Dev Bk S	2.45	Communications	3.78
		General Obligation	3.18
New York Liberty Dev	2.36	Build America Bonds	2.91
		Consumer Staples	2.37
Puerto Rico Elec Pwr	2.30	School District	2.34
		Industrials	1.85
Geisinger Auth PA HE Var Rt	2.27	Technology	1.20
		Utilities	0.88
		Pollution	0.73
		Facilities	0.65
		Higher Education	0.26

Portfolio composition is subject to change at any time.

## Sector Allocations



\* % of Holdings; Bloomberg Portfolio Analytics

## Fund Characteristics

Number of Holdings: 149  
 Modified Duration: 4.65  
 Current Yield: 7.00%  
 Coupon: 5.97%

## SEC Yield as of 3/31/2017\*

	Net:	Gross:
Investor Class	2.87%	2.65%
Institutional Class	3.12%	2.90%

Duration, yield and coupon are composites for the fund's holdings. They do not represent distributions by the fund.

\*SEC Yield is an annualized rate derived by dividing the fund's net investment income over a 30-day period by its offering price on the last day of the period. The net figures reflect the expense limitation agreement while the gross figures do not. The fund's actual distribution rate may differ from its SEC Yield.

Consider the investment objectives, risks, charges, and expenses of the Cedar Ridge Unconstrained Credit Fund carefully before investing. This fact sheet must be accompanied by a [prospectus](#) with this and other information about the Fund. Read it carefully before investing. Additional copies can be obtained by calling toll free at 1-855-550-5090.

\*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 1.64% and 1.39% of the average daily net assets of Investor Class and Institutional Class shares of the Fund, respectively. This agreement is in effect until March 31, 2018, 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. \*\* Ratio of expenses to average net assets (excluding interest expense and interest on securities sold short) as stated in the Fund's Annual Report dated November 30, 2016.

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

Cedar Ridge Partners, LLC