

Gavekal KL Allocation Fund

I-share: GAVIX A-share: GAVAX

QUARTERLY REPORT

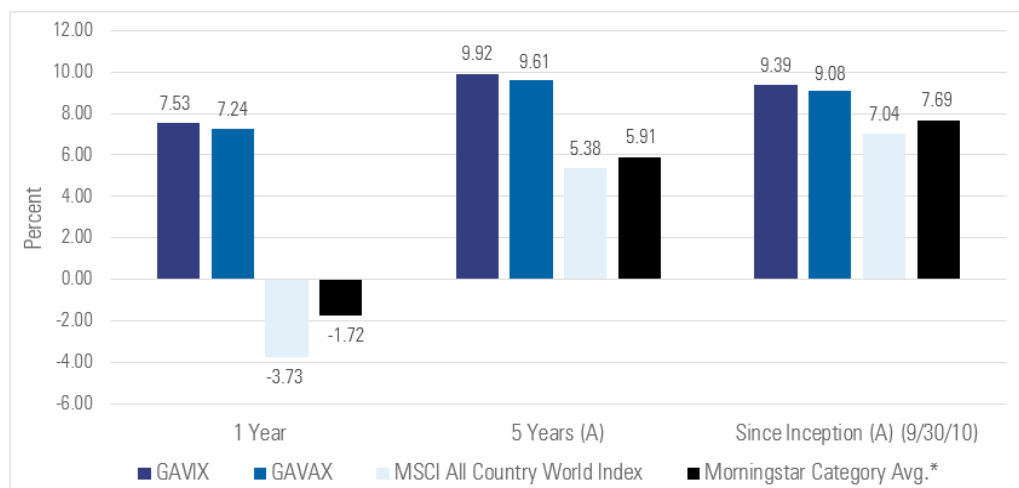
Q2 2016 Performance Update & Commentary

By Gavekal Capital Investment Team

Since the global equity rally peaked at the end of March, stocks have traded either side of flat for the year so far. With the exception of a few days post-Brexit, as volatility and correlations rose abruptly while stocks took a quick dive, there has been little direction in the broader market. Simply looking at stock market levels around the world, it would be easy to conclude that the last three months were uneventful. In fact, they have been anything but.

Concerns over China have been overshadowed by uncertainty about Italian bank solvency. Tensions in the Middle East have shifted to mild but growing anxiety over Russia's sights on the Baltics. As of June 30, there was zero probability of a Fed rate hike before December, and, even then, there was only a 9% or so chance the Fed could raise rates. The subsequent release of a decent U.S. payroll report bumped the probability of a year-end hike to nearly 30% (Bloomberg).

Over the last year, the Gavekal KL Allocation Fund (GAVIX/GAVAX) gained 7.53% compared to a benchmark loss of 3.73% and an average decline of 1.72% among its Morningstar Allocation – 70-85% Equity category peers. Over five years, GAVIX has generated annualized returns approaching 10% while the MSCI All Country World Index rose just over 5%.



As of 6/30/2016	GAVIX	GAVAX	MSCI All Country World Index	Morningstar Category Avg.*
1 Year	7.53	7.24	-3.73	-1.72
5 Years (Annualized)	9.92	9.61	5.38	5.91
Since Inception (Annualized)	9.39	9.08	7.04	7.69

The performance data quoted here represents past performance. Past performance is no guarantee of future results. Investment return and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain performance information current to the most recent month-end please call 888.998.9890 or visit our website at www.GavekalFunds.com. A redemption fee of 2.00% will be imposed on redemptions or exchanges of shares you have owned for 90 days or less. Please see the prospectus for more information.

The total annual operating expenses of the Fund are 1.48% and 1.23% and net expenses are 1.54% and 1.29% for the Advisor and Institutional Classes, respectively. The inception date for the Gavekal KL Allocation Fund is 9/30/10.

Please consider the Fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus or summary prospectus that contains this and other information about the Fund, is available by calling 888.998.9890 and should be read carefully.

*Category average for the Morningstar Allocation – 70% to 85% Equity category

Key Facts (as of 6/30/2016)

NAV (GAVIX/GAVAX):	\$14.56/\$14.38
Ticker:	GAVIX/GAVAX
I-share CUSIP:	461418659
A-share CUSIP:	461418667
Inception Date:	9/30/2010
Morningstar Category:	Allocation – 70% to 85% Equity
AUM:	\$354,921,382
Net Expense Ratio:	1.29%/1.54%
Distribution Frequency:	Annually




Overall, 5-Year and 3-Year Morningstar Rating, Class A and I shares among 380, 310 and 380 Allocation—70% to 85% Equity funds, respectively as of 6/30/2016*

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For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each 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. Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. Gavekal KL Allocation Fund (GAVIX; GAVAX) was rated against the following numbers of U.S.-domiciled Allocation—70% to 85% Equity funds over the following time periods: 380 funds in the last three years, 310 funds in the last five years and 380 funds overall. With respect to these Allocation—70% to 85% Equity funds, Gavekal KL Allocation Fund (GAVIX) received a Morningstar Rating of 5 stars, 5 stars and 5 stars and GAVAX received 5 stars, 5 stars and 5 stars for the three-year, five-year and overall periods, respectively. Past performance is no guarantee of future results.

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 expenses on short sales, acquired fund fees and expenses (as determined in accordance with SEC Form N-1A), expenses incurred in connection with any merger or reorganization, and extraordinary expenses such as litigation expenses) do not exceed 1.50% and 1.25% of the average daily net assets for Advisor Class and Institutional Class shares of the Fund, respectively. This agreement is in effect until December 31, 2016, 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 limitations, of fees waived for payments made to the Fund for a period of three years from the date of the waiver or payment.

For More Information

www.gavekalFunds.com

Shawn Paulk, Head of Distribution

Direct: 704.844.6844

Email: spaulk@gavekal-usa.com

Risk Metrics

The Gavekal KL Allocation Fund produced an alpha of 6.98% over the last five years. With a beta of 0.44 and a standard deviation about half that of the benchmark MSCI ACWI, the fund also minimized downside over five years with a max drawdown of 6.14% compared to more than 17% for the benchmark. The fund's risk-adjusted return, as evidenced by a Treynor ratio of 22.15, ranks in the top 1% of Morningstar peers.

Risk Metric	GAVIX	MSCI ACWI	GAVIX % Rank
Return (%)	9.92	5.38	Morningstar Category % Rank 5 Year 3 Best=1 Worst=100
Beta	0.44	1.00	Morningstar Category % Rank 5 Year 2 Best=1 Worst=100
Alpha (%)	6.98	0.00	Morningstar Category % Rank 5 Year 1 Best=1 Worst=100
Standard Deviation (%)	7.38	13.54	Morningstar Category % Rank 5 Year 2 Best=1 Worst=100
Max Drawdown (%)	-6.14	-17.42	Morningstar Category % Rank 5 Year 1 Best=1 Worst=100
Treynor Ratio	22.15	5.30	Morningstar Category % Rank 5 Year 1 Best=1 Worst=100
Up/Down Capture Ratio	2.38	1.00	Morningstar Category % Rank 5 Year 1 Best=1 Worst=100

Source: Morningstar. Trailing 5 years as of 6/30/2016

Why GAVIX?

- Seeks to capture the Knowledge Effect – the excess returns of highly innovative companies – in your portfolio
- Top decile risk-adjusted returns
- A satellite asset that may help investors improve portfolio performance, efficiency and downside protection



Seeks to:

CAPTURE THE KNOWLEDGE EFFECT
in your portfolio

Q: What is the Knowledge Effect?

A: A market inefficiency that leads the stocks of highly innovative companies to experience excess returns. The Gavekal KL Allocation Fund was designed to capture these excess returns.

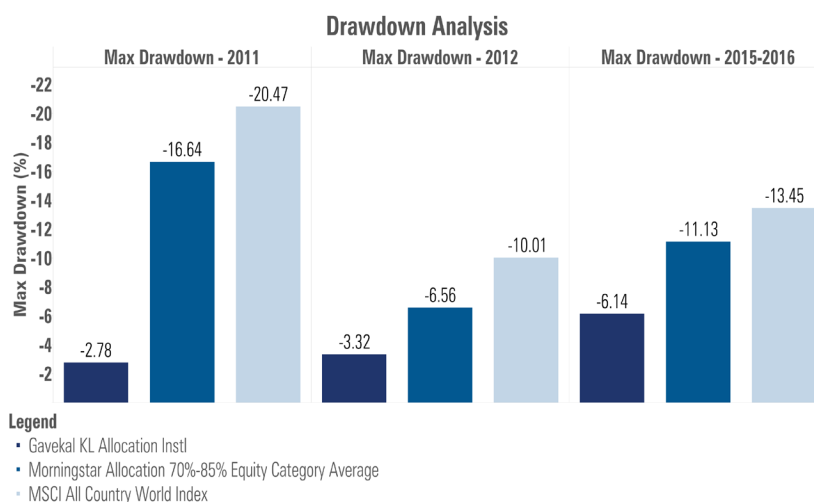
Q: What is the Knowledge Leaders Strategy?

A: The Knowledge Leaders Strategy seeks to transform the Knowledge Effect into portfolio alpha.

The Morningstar percentile ranking is based on the fund's total return relative to all funds that have the same category for the same time period. The Gavekal KL Allocation Fund (GAVIX) was in the 2 percentile for the 1 year period among 451 peers in the Morningstar Allocation-70% to 85% Equity Category; 6% in the 3 year period among 380 peers, and 3% in the 5 year period among 310 peers. The Morningstar percentile ranking is based on the fund's beta relative to all funds that have the same category for the same time period. The Gavekal KL Allocation Fund (GAVIX) was in the 8 percentile for the 1 year period among 451 peers in the Morningstar Allocation-70% to 85% Equity Category; 3% in the 3 year period among 380 peers, and 2% in the 5 year period among 310 peers. The Morningstar percentile ranking is based on the fund's alpha relative to all funds that have the same category for the same time period. The Gavekal KL Allocation Fund (GAVIX) was in the 3 percentile for the 1 year period among 451 peers in the Morningstar Allocation-70% to 85% Equity Category; 4% in the 3 year period among 380 peers, and 1% in the 5 year period among 310 peers. The Morningstar percentile ranking is based on the fund's max drawdown relative to all funds that have the same category for the same time period. The Gavekal KL Allocation Fund (GAVIX) was in the 4 percentile for the 1 year period among 451 peers in the Morningstar Allocation-70% to 85% Equity Category; 3% in the 3 year period among 380 peers, and 1% in the 5 year period among 310 peers. The Morningstar percentile ranking is based on the fund's Treynor ratio relative to all funds that have the same category for the same time period. The Gavekal KL Allocation Fund (GAVIX) was in the 1 percentile for the 1 year period among 451 peers in the Morningstar Allocation-70% to 85% Equity Category; 4% in the 3 year period among 380 peers, and 1% in the 5 year period among 310 peers. The Morningstar percentile ranking is based on the fund's up/down capture ratio relative to all funds that have the same category for the same time period. The Gavekal KL Allocation Fund (GAVIX) was in the 1 percentile for the 1 year period among 451 peers in the Morningstar Allocation-70% to 85% Equity Category; 3% in the 3 year period among 380 peers, and 1% in the 5 year period among 310 peers. The highest (or most favorable) percentile rank is 1%, and the lowest (or least favorable) percentile rank is 100%. Rankings listed are for the period June 30, 2016. Ratings for other share classes may differ due to different performance characteristics. The Fund's ratings reflects fee waivers in effect; in their absence, ratings may have been lower. Multiple share classes of a fund have a common portfolio but impose different expense structures.

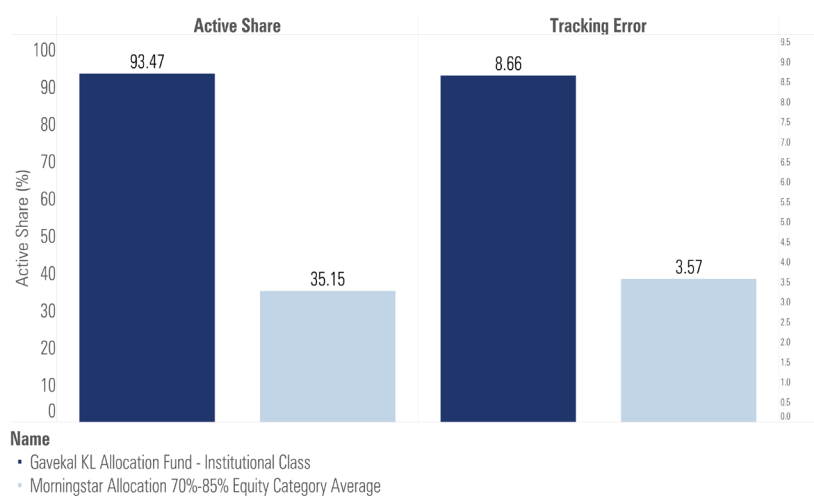
Historic Drawdowns

Analysis of the Gavekal KL Allocation Fund's performance during historic drawdowns reveals that the fund has managed to largely avoid the more significant declines witnessed in the benchmark MSCI ACWI as well as among the fund's peers. In 2011, the fund fell less than 3% while the benchmark tumbled more than 20%. A year later, the fund was down just over 3% while the MSCI ACWI declined 10%. And, over the last year, the fund fell less than half of the overall market which is down more than 13%.



Active Share

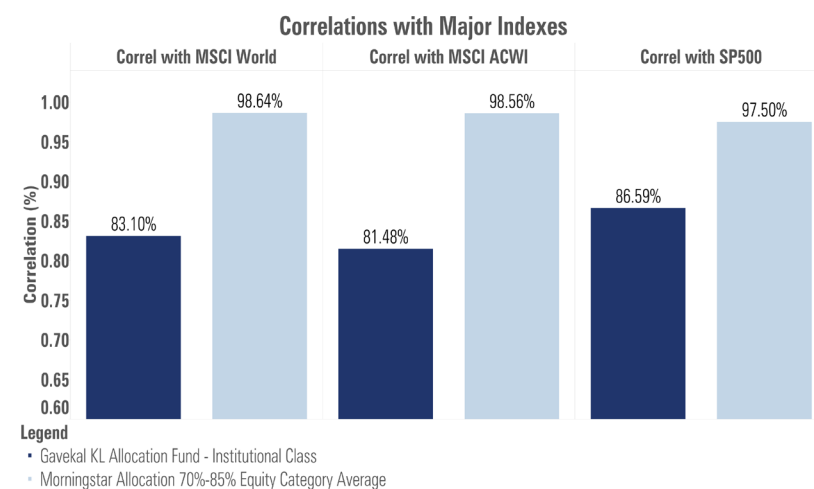
In order to have the chance for returns that are different from a benchmark, a fund must have holdings that are significantly different than that benchmark. Using active share—a number on a scale of 0-100% with a higher percentage indicating a more differentiated set of holdings relative to a benchmark—we find that the GAVIX is indeed meaningfully different from the MSCI ACWI while the average peer in the Allocation -- 70-85% Equity category is much less so. The higher tracking error exhibited by the fund is another indication that the portfolio's returns do not closely follow those of the benchmark.



Tracking error trailing 5 years. Data as of 6/30/2016

Correlations

In examining the Gavekal KL Allocation Fund's correlation with major indexes like the MSCI World, MSCI ACWI, and S&P 500, it is evident that, compared to the average of other funds in the Morningstar Allocation – 70-85% category, the returns of GAVIX are significantly less allied with those of the benchmarks. While peer funds' correlations are 97% or higher, GAVIX remains at most 86% correlated to these indexes.



Trailing 5 years. Data as of 6/30/2016

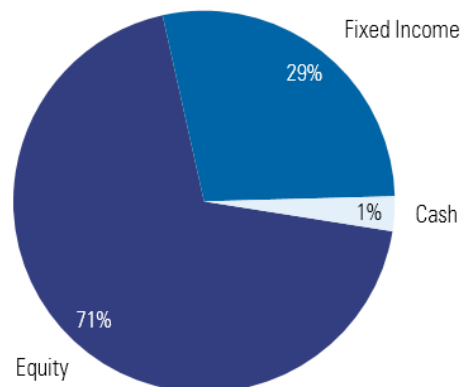
Allocation Analysis

Compared to the prior quarter, sector allocation was largely unchanged. Holdings in Consumer Staples declined very slightly, about 2%, while the weight to Industrials grew 3% to 14% of the overall equity portion of the fund.

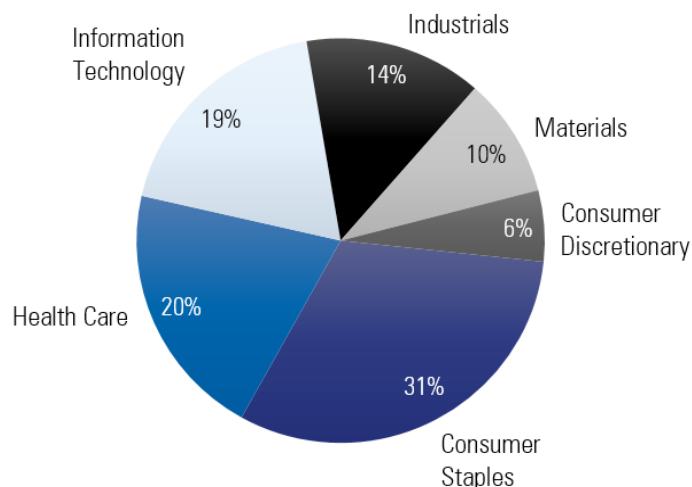
By country, the fund remains concentrated in the United States and Japan, with smaller positions in stocks from the U.K., the Netherlands, and Canada. There was no major shift in the geographic profile of the fund's holdings over the quarter.

Approximately 30% of the fund was invested in cash and fixed income instruments in the second quarter. The entire fixed income allocation was to government bonds. The portion of bonds with 1-3-year maturities nearly doubled when compared to the first quarter's holdings and now comprises more than 34% of the total fixed income allocation. Longer-duration bonds, those in excess of 20 years, were added to the portfolio as allocations to both the 7-10-year and 10-20-year bond categories were trimmed.

Overall Asset Allocation

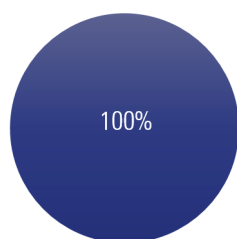


Equity Allocation by Sector



Fixed Income Allocation

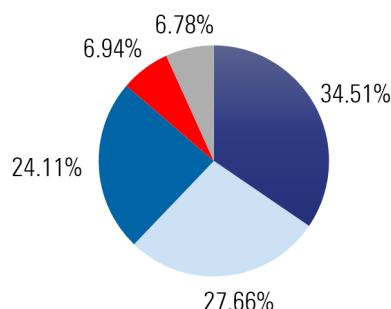
Fixed Income Sector Breakdown



Fixed Income Type

- Government Bonds
- Government Bonds - TIPS
- Mortgage Backed Securities
- Corporate Investment Grade
- High Yield

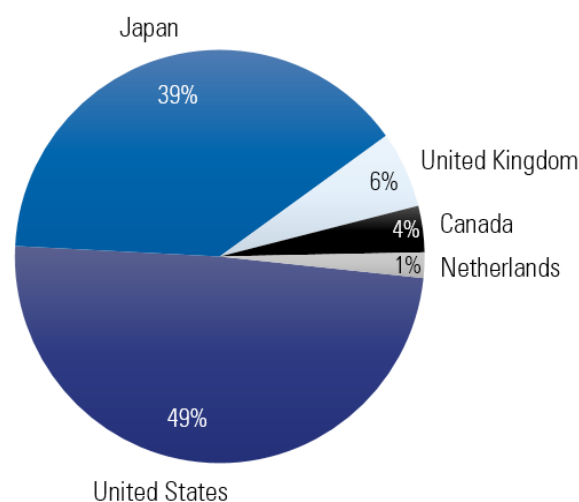
Duration Breakdown



Fixed Income Duration

- 1-3 Years
- 3-7 Years
- 7-10 Years
- 10-20 Years
- 20+ Years

Equity Allocation by Region



Gavekal KL Allocation Fund Holdings

Consumer Discretionary	4.00%
WPP Plc	1.03%
Sankyo Co., Ltd.	1.03%
Nitori Holdings Co., Ltd.	0.98%
SHIMAMURA Co., Ltd.	0.97%
Consumer Staples	22.13%
General Mills, Inc.	2.19%
PepsiCo, Inc.	2.10%
Estee Lauder Companies Inc. Class A	2.09%
Lawson, Inc.	1.96%
Meiji Holdings Co., Ltd.	1.55%
Sundrug Co., Ltd.	1.54%
Kirin Holdings Company, Limited	1.53%
Nisshin Seifun Group Inc.	1.50%
Kao Corp.	1.49%
Unilever Plc	1.07%
Reckitt Benckiser Group Plc	1.07%
Royal Ahold N.V.	1.05%
Loblaw Companies., Ltd.	1.02%
Toyo Suisan Kaisha., Ltd.	0.99%
Familymart Co., Ltd.	0.99%
Health Care	14.45%
Terumo Corporation	2.03%
Waters Corporation	1.60%
Johnson & Johnson	1.56%
Laboratory Corp.	1.04%
C. R. Bard, Inc.	1.04%
Becton, Dickinson and Company	1.04%
Stryker Corporation	1.04%
Henry Schein, Inc.	1.04%
Dainippon Sumitomo Pharma Co., Ltd	1.03%
Daiichi Sankyo	1.01%
Otsuka Holdings Co., Ltd	1.01%
Taisho Pharmaceutical Holdings Co., Ltd.	1.01%

Industrials	9.95%
Dover Corporation	2.12%
Stanley Black & Decker, Inc.	2.12%
Kurita Water Industries Ltd.	2.06%
Rockwell Collins, Inc.	1.58%
Hitachi Construction Machinery Co., Ltd.	1.04%
Komatsu Ltd.	1.04%
Information Technology	13.24%
CGI Group Inc. Class A	1.55%
Microchip Technology, Inc.	1.28%
Sage Group Plc	1.07%
Intuit Inc.	1.06%
DeNA Co., Ltd.	1.06%
Adobe Systems Incorporated	1.04%
Microsoft Corporation	1.04%
Cisco Systems, Inc.	1.04%
Alphabet Inc. Class A	1.04%
NVIDIA Corporation	1.03%
Fujifilm Holdings Corporation	1.02%
Citrix Systems, Inc.	1.02%
Materials	6.74%
Celanese Corporation Class A	2.11%
Albemarle Corporation	1.54%
Avery Dennison Corporation	1.05%
Dow Chemical Co.	1.03%
Kuraray Co., Ltd.	1.01%
Funds	28.67%
US Treasury Note 1.50% 31-May-2020	3.98%
US Treasury Note 1.625% 31-July-2019	3.96%
US Treasury Note 0.75% 28-Feb-2018	3.96%
US Treasury Note 2.125% 15-Aug-2021	3.95%
US Treasury Note 2.00% 15-Aug-2025	3.95%
US Treasury Note 1.625% 15-Feb-2026	2.96%
US Treasury Bond 3.125% 15-Aug-2044	1.99%
US Treasury Note 0.625% 30-Jun-2017	1.97%
US Treasury Bond 3.00% 15-Nov-2045	1.94%
Cash	0.83%

Disclosures & Definitions

The Gavekal KL Allocation Fund is distributed by IMST Distributors, LLC. The value of the securities held by the Fund will change due to general market and economic conditions and industry perceptions. Investments in non-US issuers may involve unique risks. Currency fluctuation, adverse political, economic or social developments could undermine the value of the Fund's investments. The securities of mid-cap companies may be subject to more abrupt or erratic market movements and may have lower trading volumes. Many of the risks with respect to foreign investments are more pronounced for investments in issuers in developing or emerging market countries. An investment in a fund that is less diversified across countries or geographic regions is generally riskier than an investment in a more geographically diversified fund.

Active Share is the percentage of stock holdings in a portfolio that differ from the benchmark index. Active Share determines the extent of active management being employed by mutual fund managers: the higher the Active Share the more likely a fund is to outperform the benchmark index. Researchers in a 2006 Yale School of Management study determined that funds with higher Active Share will tend to be more consistent in generating high returns against the benchmark indexes. **Beta** is a measure of the funds sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market and a portfolio with a beta less than 1 is less volatile than the market. **Alpha** is a measure of the portfolio's risk adjusted performance. When compared to the portfolio's beta, a positive alpha indicates better-than-expected portfolio performance and a negative alpha worse-than-expected portfolio performance. **Standard Deviation** is a calculation used to measure variability of a portfolio's performance. **Treynor Ratio** is a risk-adjusted measure of return based on systematic risk. It is similar to the Sharpe ratio, with the difference being that the Treynor ratio uses beta as the measurement of volatility. **Correlation** is the extent to which the returns of different types of investments move in tandem with one another in response to changing economic and market conditions. Correlation is measured on a scale of -1 (negatively correlated) to +1 (completely correlated). Low correlation or negative correlation to traditional stocks and bonds may help reduce risk in a portfolio and provide downside protection. **Max Drawdown** is the maximum single period loss incurred over the interval being measured. **Up/Down Capture Ratio** shows whether a fund has outperformed a broad market benchmark during periods of market strength and weakness. **The MSCI All Country World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance in 46 developed and emerging markets. **The Morningstar Aggressive Allocation** portfolios seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds and cash. These portfolios tend to hold larger positions in stocks than moderate-allocation portfolios. These portfolios typically have 70% to 90% of assets in equities and the remaining in fixed income and cash.