Vivaldi Merger Arbitrage - Portfolio Manager Insights

Q3 2020 Summary

Investment Strategy: Overview

VARBX has a 20-year track record providing relative stability to clients and seeks to address two current challenges advisors face:

1. Lower return expectations for fixed income[1] and thus a need for a potential supplement
2. Diversification within portfolios to help minimize market correlation to fixed income and equity

Avg. Annualized Returns* as of 9/30/2020

PERFORMANCE SUMMARY	QTD	YTD	1 YR.	3 YR.	5 YR.	Inception To Date (4/1/2000)
Performance at NAV without sales charge						
VARAX: A share	0.58%	-0.58%	0.47%	2.08%	2.51%	9.21%
VARBX: I share	0.77%	-0.29%	0.85%	2.41%	2.85%	9.50%
Barclays Aggregate	0.62%	6.79%	6.98%	5.24%	4.18%	5.13%
S&P 500 Index	8.93%	5.57%	15.15%	12.28%	14.15%	6.07%
Performance at MOP includes maximum sales charge						
VARAX: A share	-5.23%	-6.26%	-5.28%	0.08%	1.30%	8.89%

* For periods greater than 1 year. Expense Ratio: A Share 2.84% Gross; I Share 2.53% Gross. Vivaldi Asset Management, LLC 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) do not exceed 1.85% and 1.55% of the avg. daily net assets of Class A and Class I shares of the Fund, respectively, until January 31, 2021 and it may be terminated by the Trust's Board of Trustees.

[1] Fixed income is subject to guarantees of an issuer, and in some cases by the full-faith and credit of the US Government. Mutual Funds are subject to fluctuating principal investment and investment return, and may lose value.

VARBX focuses on return opportunities presented by the natural deal spread after the announcement of a merger/acquisition. The portfolio is typically comprised of 15-25 diverse positions with an average duration of 3 months within the US and Canada. Positions are sized based on downside risk. Transactions are continuously analyzed for risk with a high degree of active management. **Click here to learn more about VARBX.**

As of 9/30/2020	Fund VARBX*	Barclays Aggregate	S&P 500	Russell 2000
Jan-20	0.19%	1.91%	-0.04%	-3.26%
Feb-20	-0.28%	1.78%	-8.24%	-8.53%
Mar-20	-2.10%	-0.59%	-12.35%	-21.90%
Apr-20	0.97%	1.51%	12.80%	13.66%
May-20	0.10%	0.45%	4.76%	6.36%
Jun-20	0.10%	0.62%	1.99%	3.39%
Jul-20	0.10%	1.50%	5.63%	2.71%
Aug-20	0.19%	-0.80%	7.17%	5.50%
Sep-20	0.48%	-0.05%	-3.79%	-3.47%
2020	-0.29%	6.46%	5.53%	-9.63%

US Mergers & Acquisitions Review 2020

- Focus on A-B grade transactions[1] as deal closure probabilities have increased.
- M&A Fundamentals: Cheap debt and high stock prices.

[1] Source: WallachBeth defines the deal universe as all U.S. definitive deals imposing a 35% cap on annualized spreads. The deal scores Safe deals ("A"); Less-Safe Deals ("B+"); and Risky Deals ("B-) are defined by WallachBeth wherein the firm has curated the determining metrics into five general sub-score buckets: stability, risk/return, deal-related, funding/credit and regulatory.

Special Purpose Acquisition Company (SPAC)

- 2Q20 had historic low for announced transactions and we saw a market shift towards opportunities within SPAC arbitrage. We began to include SPACs to help increase rate of return and due to the asymmetric return profile opportunity that aligns with our strategy.
- A SPAC is: A blank check company (or shell company) that raise assets to have cash to look for M&A transactions while transitioning from a private to public company.
- "A SPAC is created specifically to pool funds in order to finance a merger or acquisition opportunity within a set timeframe." www.sec.gov
- Targets search for acquisition for 18-24 months.
- SPAC has become a primary vehicle to go public in 2020.

SPACs offer an Asymmetric Return Profile opportunity by combining principal security with equity upside.

- Stockholders can always redeem shares for trust value (principal & trust) for a fixed income base return.
- Warrant potentially creates the potential upside by playing for a rate of return if the market trades higher on the potential of the pro-forma company
- Target a consistent return annually with potential for upside.
- Has exhibited limited directionality to the broader stock and bond market.

Capitalizing on SPAC Opportunity Set

- 2010-2020 90% of SPACs have announced a transaction
- Historically, average +6% return from transaction announcement
- 28 deals closed this year with over 150 actively looking
- 148 SPACs looking for deals with +67 in registration
- $53B market cap in 2020
- 60+ registrations pending representing +$18B

* Source: Renaissance Capital/Market Watch

VARBX SPAC Sleeve

Adding SPACs is a natural extension of our strategy of generating arbitrage profits with a quantifiable downside, if no deal is completed.

SPAC can always be redeemed for cash in trust. If no M&A deal is announced common stock can be redeemed for principal plus interest less any operating expenses. However, continued investment in a SPAC is subject to investment risk.

Favorable return potential based on (1) interest rate (2) duration of transaction (3) closure probability

POTENTIAL RETURN PROFILE

	Downside Case Investment Profile	Base Case Investment Profile
Initial Investment at IPO	$ 10.00	$ 10.00
Common Stock Exit Price	$ 10.10	$ 10.35
Warrant Value	$ -	$ 0.25
	No M&A deal is announced or consummated Common stock is redeemed for the trust value (principal plus interest) & warrants have no value.	The SPAC announces an M&A transaction Investors can monetize common stock at or above trust value. Investors liquidate warrants.

VARBX will shop for quality management teams that have traded well and are known for successful transactions.

The Fund's investable capital will not exceed a *35%* SPAC allocation

YTD Performance of SPAC allocation 15.42% had a return on invested capital (+0.78% attribution to the underlying overall fund). The SPAC sleeve represented 19.2% of Fund NAV (as of 9/30/2020) and is subject to change.

Sectors Appearing To Lead Next M&A Wave

- Biotech/pharmaceutical
- Oil & Gas

> "Nothing has changed in how we manage. We're using the same model we have used for the last 20 years and we will keep using it for the next 20 years. We invest in well thought-out M&A that pay a return for implied risks."
>
> — Dan Lancz, VARBX Portfolio Manager

Click here to see the prospectus for the Vivaldi Merger Arbitrage Fund. Please read carefully before investing.

Performance quoted represents past performance and does not guarantee future result. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may lower or higher than that shown here. Performance as of the most recent month-end is available at 877- 779-1999.

Vivaldi Asset Management LLC is the Advisor to the Vivaldi Merger Arbitrage Fund which is distributed by IMST Distributors, LLC.

Mutual Fund Investing Involves Risk. Principal loss is possible. The fund can make short sales of securities, which involves the risk that losses in securities may exceed the original amount invested. The fund may use leverage which may exaggerate the effect of any increase or decrease in the value of portfolio securities or the Net Asset Value of the fund, and money borrowed will be subject to interest costs. Investments in smaller and medium companies involve greater risks such as limited liquidity and greater volatility. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for emerging markets. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher rated securities. The fund may use certain types of investment derivatives such as futures, forwards, and swaps. Derivatives involve risks different from, and in certain cases, greater than the risks presented by more traditional investments. Diversification does not assure a profit or protect against a loss in a declining market. The Fund is classified as "non-diversified," which means investment is in securities of a limited number of issuers exposes the Fun to greater market risk and potential losses than if its assets were diversified among the securities of a greater number of issuers. Investments in absolute return strategies are not intended to outperform stocks and bonds during strong market rallies. Outcomes depend on the skill of the sub-advisers and adviser and the allocation of assets amongst them. The Fund may invest in Exchange Traded Funds (ETFs), which may trade at a discount to the aggregate value of the underlying securities and although expense ratios for ETFs are generally low, frequent trading of ETFs by the Fund can generate brokerage expense. For a complete description of risks please read the prospectus. Market Turbulence Resulting from COVID-19: The outbreak of COVID-19 has negatively affected the worldwide economy, individual countries, individual companies, and the market in general. The future impact of COVID-19 is currently unknown, and it may exacerbate other risks that apply to the fund.

Unless and until an acquisition is completed, a SPAC generally invests its assets (less a portion retained to cover expenses) in U.S. government securities, money market fund securities and cash. To the extent the SPAC is invested in cash or similar securities, this may impact the Fund's ability to meet its investment objective. If an acquisition that meets the requirements for the SPAC is not completed within a pre-established period of time, the invested funds are returned to the entity's shareholders, less certain permitted expenses, and any warrants issued by the SPAC will expire worthless. Certain SPACs may pursue acquisitions only within certain industries or regions, which may increase the volatility of their prices. In addition, these securities, which are typically traded in the over-the-counter market, may be considered illiquid and/or be subject to restrictions on resale.

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