# Understanding the Fees and Expenses Table and Tax Disclosures

## Fund Structure & Highlights

In order to provide investors with access to a portfolio of midstream energy infrastructure master limited partnerships ("MLP"s) in a mutual fund structure the Fund is taxed as a corporation. These taxes are accrued for and reflected daily in the Fund's net asset value (NAV).

The highlights of the Center Coast mutual fund structure are that it provides an investor with:

- **A professionally managed portfolio of 20-40 MLPs**
- **Low minimum investment ($2,500)**
- **Anticipates monthly cash distributions**
- **Simplified, traditional 1099 tax reporting** instead of multiple individual K-1 and potential individual state tax return filings otherwise associated with direct MLP investing

## Fund Fees and Expenses Table Disclosures

The "Fees and Expenses" table can be best understood by breaking the components into two groups as follows:

**Customary Fees and Expenses ("Customary Expenses")**

These include fund fees and expenses that are normally associated with substantially all mutual funds. For example, some of these include advisory fees, distribution fees, transfer agent fees, etc. A complete listing of these expenses can be found in the Fund's Statement of Operations, which was included in the Fund's November 30th, 2016 Annual Report. For the period ended November 30, 2016, these expenses amounted to 1.46%, 2.21% and 1.21% of the average net assets of the A, C and Institutional share classes, respectively.

**Tax Expenses Unique to MLP Mutual Funds and Exchange Traded Funds (ETFs) ("Tax Expenses")**

Because the Fund is taxed as a corporation it records taxes on all gains and losses, realized or unrealized, on a daily basis as part of the Fund's daily NAV. For the year ended November 30, 2016, the Tax Expenses of the Fund, included in its NAV, amounted to 5.61% of the average net assets of each Fund share class. These taxes were accrued for and reflected daily in the Fund's net asset value (NAV). While they are clearly an expense of the Fund, Tax Expenses differ significantly, in nature, from the Customary Expenses noted above, as follows:

- The Tax Expenses exist because the Fund had net investment related gains. Without these net gains there would be no tax expense.
- The accounting method works in reverse if there were net losses, as the Fund would recognize a Tax Asset (or tax benefit) offsetting some portion of the investment loss.
- The Tax Expense disclosure is counterintuitive in nature; meaning a higher Tax Expense is more desirable than a lower one, as it signifies greater net investment gains.
- The Tax Expenses do not accrue to the benefit of the Fund's advisor or other service providers. They are obligations (realized or accrued) of the Fund to governmental taxing authorities.
- The substantial majority of the Fund's Tax Expense reflected in its NAV was derived from unrealized gains meaning it is a deferred rather than actual liability—i.e., while it was accrued for in the Fund's NAV, it does not represent a current cash outlay and as such these funds remain invested.

## Fund Performance Considerations

As MLP mutual funds and MLP ETFs carry tax expenses not incurred by customary mutual fund structures, it is important to evaluate and compare the Fund's performance after all expenses. The Fund's daily NAV and periodic performance computations include deductions for Customary Expenses and Tax Expenses. As noted in the Fund's 2016 Annual Report, the Fund's A, C and Institutional share classes, unadjusted for sales charges or CDSC, returned 8.17%, 7.40% and 8.46%, respectively, net of expenses and corporate taxes, for the fiscal year ended November 30th, 2016. ***(Most recent Fund performance, as of 6/30/17, can be found on the top of the next page).*** This can be compared to the total returns, including dividends and capital gains reinvested, of 8.06% for the broader equity markets as defined by the Standard & Poor's 500 Index (S&P 500) and 9.28% for the Alerian MLP Index for the same time period. Please note the indices noted are not alternate investment vehicles, as one cannot purchase an index. ***Past Performance is not indicative of future performance.***

Liberty Street Funds

## Performance Analysis - Through June 30, 2017

| | Q2 2017 | YTD | 1 Year | 3 Year | 5 Year | Ann ITD* |
|---|---|---|---|---|---|---|
| CCCAX | -5.34 | -2.35 | 3.00 | -5.57 | 2.61 | 3.44 |
| CCCAX w/Load | -10.81 | -7.95 | -2.97 | -7.41 | 1.41 | 2.50 |
| CCCCX | -5.45 | -2.75 | 2.26 | -6.29 | 1.85 | 2.62 |
| CCCNX | -5.15 | -2.20 | 3.33 | -5.32 | 2.89 | 3.65 |
| S&P 500 | 3.09 | 9.34 | 17.90 | 9.61 | 14.63 | 13.01 |
| Alerian MLP Index | -6.35 | -2.66 | 0.40 | -11.23 | 1.77 | 3.35 |

***Performance data quoted represents past performance and is no guarantee of future results.*** *Total return figures include the reinvestment of dividends and capital gains, and as the fund is taxable as a "C" corporation performance is net of federal, state and local taxes paid by the Fund. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. For the most recent month end performance, please call (800) 207-7108. Returns showing less than one year are cumulative. The Fund's total operating expense ratios, which include Deferred Income Tax Expenses (DTE), for the class A, C, T, and Institutional Shares are 7.07%, 7.82%, 7.07%, and 6.82% respectively. For the year ended November 30, 2016, the DTE of the Fund was 5.61% for each Fund share class. As the Fund is structured as a C-Corporation, on a daily basis the Fund's net asset value (NAV) includes either a deferred tax expense (which reduces the Fund's NAV) or benefit (which increases the Fund's NAV, unless offset by a valuation allowance). Deferred tax expenses (benefits) have in the past and may in the future vary greatly from year to year and from day to day depending on the nature of the Fund's investments, the performance of those investments, changes in valuation allowances, if any, and general market conditions. While the Fund's investment advisor contractually agreed, until March 31, 2018, to waive its fees and/or pay expenses, excluding deferred income tax expenses, such fee waiver or expense absorption was not necessary as the total annual fund operating expenses were below the caps as of the Fund's fiscal year end November 30, 2016. Class T Shares were not offered prior to April 1, 2017, and currently are not available for purchase. Therefore no performance for Class T Shares is provided. Performance results with load reflect the deduction for Class A Shares of the 5.75% maximum front-end sales charge. Class C Shares are subject to a contingent deferred sales charge of 1.00%when redeemed within 12 months of purchase. Performance presented without the load would be lower if this charge was reflected.* ***Because of ongoing market volatility, Fund performance may be subject to substantial short-term changes.*** **ITD – Inception to Date; inception 12/31/2010*

***Before investing you should carefully consider the Center Coast MLP Focus Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus and summary prospectus, a copy of which may be obtained by calling 800-207-7108 or by visiting the Fund's website at www.libertystreetfunds.com. Please read the prospectus or summary prospectus carefully before investing.***

**RISK AND OTHER DISCLOSURES:**

An investment in the Center Coast MLP Focus Fund is subject to risk, including the possible loss of principal amount invested and including, but not limited to, the following risks, which are more fully described in the prospectus:

- The Fund concentrates its investments in master limited partnerships (MLPs), which involve additional risks compared to those from investments in common stock, including, but not limited to, cash flow risk, tax risk, and risks associated with limited voting rights.
- Unlike most other open-end mutual funds, the Fund will be taxable as a regular corporation, or "C" corporation. Consequently, the Fund will accrue and pay federal, state and local income taxes on its taxable income, if any, at the Fund level, which will ultimately reduce the returns that the shareholder would have otherwise received. Additionally, on a daily basis the Fund's net asset value per share ("NAV") will include a deferred tax expense (which reduces the Fund's NAV) or asset (which increases the Fund's NAV, unless offset by a valuation allowance). To the extent the Fund has a deferred tax asset, consideration is given as to whether or not a valuation allowance is required. The Fund's deferred tax expense or asset is based on estimates that could vary dramatically from the Fund's actual tax liability/benefit and, therefore, could have a material impact on the Fund's NAV.
- The Fund, unlike the MLPs in which it invests which are treated as partnerships for U.S. federal income tax purposes, is not a pass-through entity. Consequently, the tax characterization of the distributions paid by the Fund, such as dividend income or return of capital, may differ greatly from those of its MLP investments. An investment in the Fund does not provide the same tax benefits as a direct investment in an MLP.
- The Fund currently anticipates paying monthly cash distributions to shareholders at a rate that over time is similar to the distribution rate the Fund receives from the MLPs in which it invests, without offset for the expenses of the Fund. The Fund may maintain cash reserves, borrow or sell certain investments at less desirable prices in order to pay the expenses of the Fund. Because the Fund's distribution policy takes into consideration estimated future cash flows from its underlying holdings, and to permit the Fund to maintain a stable distribution rate, the Fund's distributions may not represent yield or investment return on the Fund's portfolio. To the extent that the distributions paid exceed the distributions the Fund has received, the distributions will reduce the Fund's net assets.
- The Fund is not required to make distributions and in the future could decide not to make such distributions or not to make distributions at a rate that over time is similar to the distribution rate it receives from the MLPs in which it invests.
- It is expected that a portion of the distributions will be considered tax deferred return of capital (ROC). ROC is tax deferred and reduces the shareholder's cost basis (until the cost basis reaches zero); and when the Fund shares are sold, if the result is a gain, it would then be taxable to the shareholder at the capital gains rate. Any portion of distributions that are not considered ROC are expected to be characterized as qualified dividends for tax purposes. Qualified dividends are taxable in the year received and do not serve to reduce the shareholder's cost basis. The portion of the Fund's distributions that may be classified as ROC is uncertain and can be materially impacted by events that are not subject to the control of the Fund's advisor or sub-advisor (e.g. mergers, acquisitions, reorganizations and other capital transactions occurring at the individual MLP level, changes in the tax characterization of distributions received from the MLP investments held by the Fund, or change in tax laws). Gains and other income realized by the Fund may also cause distributions from the Fund to be treated as taxable dividends rather than as ROC distributions. Because of these factors, the portion of the Fund's distributions that are considered ROC may vary materially from year to year. Accordingly, there is no guarantee that future distributions will maintain the same classification for tax purposes as past distributions.
- The MLPs owned by the Fund are subject to regulatory and tax risks, including but not limited to changes in current tax law which could result in MLPs being treated as corporations for U.S. federal income tax purposes or the elimination or reduction of MLPs tax deductions, which could result in a material decrease in the Fund's NAV and/or lower after-tax distributions to Fund shareholders.
- As a non-diversified fund, the Fund may focus its assets in the securities of fewer issuers, which exposes the Fund to greater market risk than if its assets were diversified among a greater number of issuers.
- Equity securities issued by MLPs may trade less frequently than larger companies due to their smaller capitalizations, which may result in erratic price movement or difficulty in buying or selling.
- A substantial portion of the MLPs within the Fund are primarily engaged in the energy sector. As a result, any negative development affecting that sector, such as regulatory, environmental, commodity pricing or extreme weather risk, will have a greater impact on the Fund than a fund that is not over-weighted in that sector.

**The Fund may not be suitable for all investors.** We encourage you to read the Fund's prospectus carefully and consult with appropriate tax and financial professionals before considering an investment in the Fund. The S&P 500® Index is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. The Alerian MLP Index is a market-cap weighted, float-adjusted index which tracks the performance of the 50 most prominent energy Master Limited Partnerships (MLPs). The Fund accrues deferred income tax liabilities/assets which are reflected daily in the Fund's NAV. Index returns do not reflect deferred income tax liabilites/assets. One cannot invest directly in an index.

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Liberty Street Advisors, Inc. is the advisor to the Fund. The fund is part of the Liberty Street family of funds within the series of Investment Managers Series Trust.