



**Horizon Spin-off and Corporate Restructuring Fund**

**(Class A: LSHAX)**

**(Class C: LSHCX)**

**(Institutional Class: LSHUX)**

SEMI-ANNUAL REPORT

October 31, 2016

# Horizon Spin-off and Corporate Restructuring Fund

*A series of Investment Managers Series Trust*

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*This report and the financial statements contained herein are provided for the general information of the shareholders of the Horizon Spin-off and Corporate Restructuring Fund. This report is not authorized for distribution to prospective investors in the Fund unless preceded or accompanied by an effective prospectus, which includes information regarding the Fund's risks, objectives, fees and expenses, experience of its management, and other information.*

**Horizon Spin-off and Corporate Restructuring Fund**  
**SCHEDULE OF INVESTMENTS**  
**As of October 31, 2016 (Unaudited)**

Number of Shares		Value
	<b>COMMON STOCKS – 97.9%</b>	
	<b>BASIC MATERIALS – 2.6%</b>	
	<b>CHEMICALS-FIBERS – 0.3%</b>	
5,800	Rayonier Advanced Materials, Inc.	\$ 74,994
	<b>CHEMICALS-SPECIALTY – 2.3%</b>	
15,600	CSW Industrials, Inc.*	482,820
800	WR Grace & Co.	53,568
		<b>536,388</b>
		<b>611,382</b>
	<b>COMMUNICATIONS – 23.6%</b>	
	<b>CABLE DISTRIBUTOR – 5.6%</b>	
1,800	Cable One, Inc.	1,038,132
4,800	Liberty Broadband Corp. - Class A*	311,760
		<b>1,349,892</b>
	<b>E-MARKETING/INFORMATION – 2.6%</b>	
43,200	New Media Investment Group, Inc.	<b>622,080</b>
	<b>MEDIA – 8.0%</b>	
42,400	EW Scripps Co. - Class A*	562,224
4,850	Liberty Media Corp. - Class A*	134,976
14,200	Starz*	446,732
27,800	TEGNA, Inc.	545,436
6,700	Tribune Media Co. - Class A	218,420
		<b>1,907,788</b>
	<b>MULTIMEDIA – 0.3%</b>	
2,380	Liberty Braves Group - Class A*	40,341
1,590	Liberty Braves Group - Class C*	26,505
		<b>66,846</b>
	<b>PUBLISHING-NEWSPAPERS – 0.5%</b>	
14,700	Gannett Co., Inc.	<b>114,219</b>
	<b>RADIO – 3.9%</b>	
16,800	Liberty SiriusXM Group - Class A*	558,936
10,900	Liberty SiriusXM Group - Class C*	361,771
		<b>920,707</b>
	<b>SATELLITE TELECOM – 2.7%</b>	
14,000	EchoStar Corp. - Class A*	<b>654,360</b>
		<b>5,635,892</b>
	<b>CONSUMER, CYCLICAL – 0.9%</b>	
	<b>ELECTRONIC &amp; APPLIANCE STORES – 0.2%</b>	
8,400	Sears Hometown and Outlet Stores, Inc.*	<b>40,740</b>
	<b>GENERAL MERCHANDISE STORES – 0.2%</b>	
21,800	Sears Canada, Inc.*	<b>42,420</b>

**Horizon Spin-off and Corporate Restructuring Fund**  
**SCHEDULE OF INVESTMENTS - Continued**  
**As of October 31, 2016 (Unaudited)**

Number of Shares		Value
	<b>COMMON STOCKS (Continued)</b>	
	<b>CONSUMER, CYCLICAL (Continued)</b>	
	<b>RESTAURANTS – 0.0%</b>	
17	Restaurant Brands International LP	\$ 754
	<b>RETAIL-SPORTING GOODS – 0.5%</b>	
3,200	Vista Outdoor, Inc.*	123,744
		<b>207,658</b>
	<b>CONSUMER, NON-CYCLICAL – 12.3%</b>	
	<b>BEVERAGES AND TOBACCO PRODUCT MANUFACTURING – 0.4%</b>	
10,600	Crimson Wine Group Ltd.*	98,686
	<b>COMMERCIAL SERVICES-FINANCE – 2.2%</b>	
12,900	PayPal Holdings, Inc.*	537,414
	<b>EDUCATIONAL SERVICES – 3.6%</b>	
1,800	Graham Holdings Co. - Class B	855,000
	<b>ELECTRICAL EQUIPMENT, APPLIANCE AND COMPONENT MANUFACTURING – 1.2%</b>	
3,800	Danaher Corp.	298,490
	<b>MEDICAL PRODUCTS – 2.7%</b>	
19,600	Halyard Health, Inc.*	634,060
	<b>MEDICAL-DRUGS – 0.2%</b>	
797	Prestige Brands Holdings, Inc.*	36,088
	<b>RENTAL AUTO/EQUIPMENT – 2.0%</b>	
3,760	Herc Holdings, Inc.*	113,139
11,280	Hertz Global Holdings, Inc.*	373,932
		<b>487,071</b>
		<b>2,946,809</b>
	<b>ENERGY – 18.6%</b>	
	<b>OIL &amp; GAS – 16.1%</b>	
14,507	Texas Pacific Land Trust	3,848,417
	<b>OIL &amp; GAS EXTRACTION – 2.5%</b>	
369,640	Atlas Energy Group LLC*	587,727
		<b>4,436,144</b>
	<b>FINANCIAL – 33.3%</b>	
	<b>ASSET MANAGEMENT – 6.1%</b>	
34,600	Associated Capital Group, Inc. - Class A	1,174,670
4,400	Onex Corp. <sup>1</sup>	284,544
		<b>1,459,214</b>
	<b>HOLDING COMPANY – 9.0%</b>	
72,400	Dundee Corp. - Class A <sup>*1</sup>	346,014
37,600	Icahn Enterprises LP	1,800,288
		<b>2,146,302</b>

**Horizon Spin-off and Corporate Restructuring Fund**  
**SCHEDULE OF INVESTMENTS - Continued**  
**As of October 31, 2016 (Unaudited)**

Number of Shares		Value
	<b>COMMON STOCKS (Continued)</b>	
	<b>FINANCIAL (Continued)</b>	
	<b>INVESTMENT COMPANIES – 1.0%</b>	
17,500	Capital Southwest Corp.	\$ 252,525
	<b>LESSORS OF NON-RESIDENTIAL BUILDINGS (EXCEPT MINIWAREHOUSES) – 11.3%</b>	
24,600	Howard Hughes Corp.*	2,701,818
	<b>OTHER EXCHANGES – 0.4%</b>	
56,700	Urbana Corp. - Class A	97,227
	<b>REAL ESTATE – 5.5%</b>	
2,915	Brookfield Property Partners LP <sup>1</sup>	64,655
240,000	Dream Unlimited Corp. - Class A <sup>*1</sup>	1,245,192
		<b>1,309,847</b>
		<b>7,966,933</b>
	<b>INDUSTRIAL – 6.6%</b>	
	<b>BUILDING &amp; CONSTRUCT PRODUCTS-MISCELLANEOUS – 0.1%</b>	
800	GCP Applied Technologies, Inc.*	20,680
	<b>BUILDING &amp; CONSTRUCT-MISCELLANEOUS – 0.2%</b>	
1,333	TopBuild Corp.*	40,163
	<b>BUILDING PRODUCTS-WOOD – 0.7%</b>	
5,700	Masco Corp.	176,016
	<b>CONTAINERS-PAPER/PLASTIC – 0.2%</b>	
800	WestRock Co.	36,952
	<b>ELECTRONIC MEASURING INSTRUMENTS – 0.4%</b>	
1,900	Fortive Corp.	96,995
	<b>MACHINERY MANUFACTURING – 0.5%</b>	
32,100	Manitowoc Co., Inc.	129,684
	<b>MACHINERY-GENERAL INDUSTRY – 2.1%</b>	
33,300	Manitowoc Foodservice, Inc.*	503,163
	<b>MISCELLANEOUS MANUFACTURING – 0.4%</b>	
5,500	TriMas Corp.*	98,725
	<b>TRANSPORT-MARINE – 2.0%</b>	
63,400	AP Moller - Maersk A/S - ADR <sup>1</sup>	487,229
		<b>1,589,607</b>
	<b>TOTAL COMMON STOCKS</b>	
	(Cost \$22,962,719)	<b>23,394,425</b>
	<b>WARRANTS – 0.1%</b>	
	<b>CONSUMER, CYCLICAL – 0.1%</b>	
	<b>GENERAL MERCHANDISE STORES – 0.1%</b>	
10,000	Sears Holdings Corp.*	33,300
	<b>TOTAL WARRANTS</b>	
	(Cost \$119,233)	<b>33,300</b>

**Horizon Spin-off and Corporate Restructuring Fund**  
**SCHEDULE OF INVESTMENTS - Continued**  
**As of October 31, 2016 (Unaudited)**

Principal Amount		Value
	<b>SHORT-TERM INVESTMENTS – 7.0%</b>	
\$ 1,666,491	UMB Money Market Fiduciary, 0.01% <sup>2</sup>	\$ 1,666,491
	<b>TOTAL SHORT-TERM INVESTMENTS</b>	
	(Cost \$1,666,491)	<b>1,666,491</b>
	<b>TOTAL INVESTMENTS – 105.0%</b>	
	(Cost \$24,748,443)	<b>25,094,216</b>
	Liabilities in Excess of Other Assets – (5.0)%	(1,202,120)
	<b>TOTAL NET ASSETS – 100.0%</b>	<b>\$ 23,892,096</b>

ADR – American Depository Receipt

LP – Limited Partnership

\* Non-income producing security.

<sup>1</sup> Foreign security denominated in U.S. Dollars.

<sup>2</sup> The rate is the annualized seven-day yield at period end.

*See accompanying Notes to Financial Statements.*

**Horizon Spin-off and Corporate Restructuring Fund**  
**SUMMARY OF INVESTMENTS**  
**As of October 31, 2016 (Unaudited)**

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Security Type/Industry	Percent of Total Net Assets
Common Stocks	
Oil & Gas	16.1%
Lessors of Non-Residential Buildings (Except Miniwarehouses)	11.3%
Holding Company	9.0%
Media	8.0%
Asset Management	6.1%
Cable Distributor	5.6%
Real Estate	5.5%
Radio	3.9%
Educational Services	3.6%
Satellite Telecom	2.7%
Medical Products	2.7%
E-Marketing/Information	2.6%
Oil & Gas Extraction	2.5%
Chemicals-Specialty	2.3%
Commercial Services-Finance	2.2%
Machinery-General Industry	2.1%
Transport-Marine	2.0%
Rental Auto/Equipment	2.0%
Electrical Equipment, Appliance and Component Manufacturing	1.2%
Investment Companies	1.0%
Building Products-Wood	0.7%
Machinery Manufacturing	0.5%
Retail-Sporting Goods	0.5%
Publishing-Newspapers	0.5%
Miscellaneous Manufacturing	0.4%
Beverages and Tobacco Product Manufacturing	0.4%
Other Exchanges	0.4%
Electronic Measuring Instruments	0.4%
Chemicals-Fibers	0.3%
Multimedia	0.3%
General Merchandise Stores	0.2%
Electronic & Appliance Stores	0.2%
Building & Construct-Miscellaneous	0.2%
Containers-Paper/Plastic	0.2%
Medical-Drugs	0.2%
Building & Construct Products-Miscellaneous	0.1%
Restaurants	0.0%
<b>Total Common Stocks</b>	<b>97.9%</b>

**Horizon Spin-off and Corporate Restructuring Fund**  
**SUMMARY OF INVESTMENTS - Continued**  
**As of October 31, 2016 (Unaudited)**

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Short-Term Investments	7.0%
Warrants	0.1%
<b>Total Investments</b>	<b>105.0%</b>
Liabilities in Excess of Other Assets	(5.0)%
<b>Total Net Assets</b>	<b>100.0%</b>

*See accompanying Notes to Financial Statements.*



**Horizon Spin-off and Corporate Restructuring Fund**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**As of October 31, 2016 (Unaudited)**

<b>Assets:</b>	
Investments, at value (cost \$24,748,443)	\$ 25,094,216
Receivables:	
Investment securities sold	831,298
Dividends and interest	2,559
From Advisor	237
Prepaid expenses	55,375
Total assets	<u>25,983,685</u>
<b>Liabilities:</b>	
Payables:	
Investment securities purchased	2,019,237
Fund shares redeemed	26,788
Distribution fees - Class A & Class C (Note 7)	6,196
Shareholder servicing fees (Note 8)	4,954
Auditing fees	8,780
Custody fees	6,534
Transfer agent fees and expenses	5,926
Fund accounting fees	2,855
Fund administration fees	2,627
Chief Compliance Officer fees	655
Trustees' fees and expenses	600
Accrued other expenses	6,437
Total liabilities	<u>2,091,589</u>
<b>Net Assets</b>	<u>\$ 23,892,096</u>
<b>Components of Net Assets:</b>	
Paid-in capital (par value of \$0.01 per share with an unlimited number of shares authorized)	\$ 23,282,290
Accumulated net investment income	1,669,697
Accumulated net realized loss on investments and foreign currency transactions	(1,405,664)
Net unrealized appreciation on investments	345,773
<b>Net Assets</b>	<u>\$ 23,892,096</u>
<b>Maximum Offering Price per Share:</b>	
Class A Shares:	
Net assets applicable to shares outstanding	\$ 5,381,516
Shares of beneficial interest issued and outstanding	<u>592,171</u>
Redemption price <sup>1</sup>	<u>9.09</u>
Maximum sales charge (5.75% of offering price) <sup>2</sup>	<u>0.55</u>
Maximum offering price to public	<u>\$ 9.64</u>
Class C Shares:	
Net assets applicable to shares outstanding	\$ 5,806,496
Shares of beneficial interest issued and outstanding	<u>662,388</u>
Redemption price <sup>3</sup>	<u>\$ 8.77</u>
Institutional Shares:	
Net assets applicable to shares outstanding	\$ 12,704,084
Shares of beneficial interest issued and outstanding	<u>1,395,485</u>
Redemption price	<u>\$ 9.10</u>

<sup>1</sup> A Contingent Deferred Sales Charge ("CDSC") of 1.00% may be charged on certain purchases of \$1 million or more that are redeemed in whole or in part within 12 months of purchase.

<sup>2</sup> On sales of \$50,000 or more, the sales charge may be reduced and no initial sales charge is applied to purchases of \$1 million or more.

<sup>3</sup> A CDSC of 1.00% may be charged on purchases that are redeemed in whole or in part within 12 months of purchase.

See accompanying Notes to Financial Statements.

**Horizon Spin-off and Corporate Restructuring Fund**  
**STATEMENT OF OPERATIONS**  
**For the Six Months Ended October 31, 2016 (Unaudited)**

<b>Investment Income:</b>	
Dividends (net of foreign withholding taxes of \$117)	\$ 215,639
Interest	57
Total investment income	<u>215,696</u>
<b>Expenses:</b>	
Advisory fees	135,929
Registration fees	36,471
Distribution fees - Class C (Note 7)	31,071
Custody fees	28,139
Shareholder servicing fees (Note 8)	19,118
Transfer agent fees and expenses	13,246
Legal fees	10,234
Auditing fees	9,779
Fund administration fees	9,729
Shareholder reporting fees	8,491
Fund accounting fees	8,343
Distribution fees - Class A (Note 7)	7,240
Chief Compliance Officer fees	4,346
Trustees' fees and expenses	4,086
Miscellaneous	3,275
Insurance fees	664
Total expenses	<u>330,161</u>
Advisory fees waived	<u>(122,071)</u>
Net expenses	<u>208,090</u>
<b>Net investment income</b>	<u><u>7,606</u></u>
<b>Realized and Unrealized Gain (Loss) on Investments and Foreign Currency:</b>	
Net realized gain (loss) on:	
Investments	1,037,440
Foreign currency transactions	(1)
Net realized gain	<u>1,037,439</u>
Net change in unrealized appreciation/depreciation on:	
Investments	<u>592,898</u>
Net change in unrealized appreciation/depreciation	<u>592,898</u>
<b>Net realized and unrealized gain on investments and foreign currency</b>	<u><u>1,630,337</u></u>
<b>Net Increase in Net Assets from Operations</b>	<u><u>\$ 1,637,943</u></u>

See accompanying Notes to Financial Statements.

**Horizon Spin-off and Corporate Restructuring Fund**  
**STATEMENTS OF CHANGES IN NET ASSETS**

	<b>For the Six Months Ended October 31, 2016 (Unaudited)</b>	<b>For the Year Ended April 30, 2016</b>
<b>Increase (Decrease) in Net Assets from:</b>		
<b>Operations:</b>		
Net investment income	\$ 7,606	\$ 53,240
Net realized gain on investments and foreign currency transactions	1,037,439	3,492,080
Net change in unrealized appreciation/depreciation on investments and foreign currency translations	592,898	(16,150,724)
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>1,637,943</b>	<b>(12,605,404)</b>
<b>Capital Transactions:</b>		
Net proceeds from shares sold:		
Class A	361,784	888,373
Class C	96,171	462,804
Institutional Class	625,804	5,434,426
Cost of shares redeemed:		
Class A	(1,427,969)	(7,316,446)
Class C	(961,431)	(4,037,254)
Institutional Class	(12,982,142)	(25,257,979)
<b>Net decrease in net assets from capital transactions</b>	<b>(14,287,783)</b>	<b>(29,826,076)</b>
<b>Total decrease in net assets</b>	<b>(12,649,840)</b>	<b>(42,431,480)</b>
<b>Net Assets:</b>		
Beginning of period	36,541,936	78,973,416
End of period	<u>\$ 23,892,096</u>	<u>\$ 36,541,936</u>
Accumulated net investment income	\$ 1,669,697	\$ 1,662,091
<b>Capital Share Transactions:</b>		
Shares sold:		
Class A	40,278	95,275
Class C	11,246	47,476
Institutional Class	69,420	577,764
Shares redeemed:		
Class A	(159,821)	(811,923)
Class C	(110,932)	(494,173)
Institutional Class	(1,509,729)	(2,869,048)
<b>Net decrease in capital share transactions</b>	<b>(1,659,538)</b>	<b>(3,454,629)</b>

See accompanying Notes to Financial Statements.

**Horizon Spin-off and Corporate Restructuring Fund**  
**FINANCIAL HIGHLIGHTS**  
**Class A**

*Per share operating performance.*

*For a capital share outstanding throughout each period.*

	For the Six Months Ended October 31, 2016 (Unaudited)	For the Year Ended April 30, 2016	For the Year Ended April 30, 2015	For the Year Ended April 30, 2014	For the Year Ended April 30, 2013	For the Year Ended April 30, 2012
<b>Net asset value, beginning of period</b>	\$ 8.52	\$ 10.22	\$ 10.32	\$ 8.74	\$ 6.91	\$ 7.42
<b>Income from Investment Operations:</b>						
Net investment income (loss) <sup>1</sup>	-	-	(0.03)	(0.03)	0.03	(0.01)
Net realized and unrealized gain (loss) on investments	0.57	(1.70)	(0.07)	1.60	1.87	(0.44)
Net increase from payment by affiliates (Note 3)	-	-	-	0.01	-	-
Total from investment operations	0.57	(1.70)	(0.10)	1.58	1.90	(0.45)
<b>Less Distributions:</b>						
From net investment income	-	-	-	-	(0.07)	(0.06)
<b>Redemption fee proceeds<sup>1</sup></b>	-	-	-	-	-	-
<b>Net asset value, end of period</b>	\$ 9.09	\$ 8.52	\$ 10.22	\$ 10.32	\$ 8.74	\$ 6.91
<b>Total return<sup>3</sup></b>	6.69% <sup>5</sup>	(16.63)%	(0.97)%	18.08% <sup>4</sup>	27.77%	(5.94)%
<b>Ratios and Supplemental Data:</b>						
Net assets, end of period (in thousands)	\$ 5,382	\$ 6,067	\$ 14,604	\$ 12,536	\$ 9,719	\$ 8,658
Ratio of expenses to average net assets:						
Before fees waived and expenses absorbed	2.39% <sup>6</sup>	1.74%	1.77%	1.94%	2.11%	1.83%
After fees waived and expenses absorbed	1.50% <sup>6</sup>	1.50%	1.50%	1.50%	1.50%	1.50%
Ratio of net investment income (loss) to average net assets:						
Before fees waived and expenses absorbed	(0.81)% <sup>6</sup>	(0.19)%	(0.57)%	(0.76)%	(0.20)%	(0.50)%
After fees waived and expenses absorbed	0.08% <sup>6</sup>	0.05%	(0.30)%	(0.32)%	0.41%	(0.17)%
Portfolio turnover rate	8% <sup>5</sup>	2%	40%	18%	4%	19%

<sup>1</sup> Based on average shares outstanding for the period.

<sup>2</sup> Amount represents less than \$0.01 per share.

<sup>3</sup> Total returns would have been lower had expenses not been waived or absorbed by the Advisor. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns shown do not include payment of sales load of 5.75% of offering price which is reduced on sales of \$50,000 or more and no initial sales charge is applied to purchases of \$1 million or more. Returns shown do not include payment of a Contingent Deferred Sales Charge ("CDSC") of 1.00% on certain purchases of \$1 million or more that are redeemed in whole or in part within 12 months of purchase. If these sales charges were included total returns would be lower.

<sup>4</sup> Total return would have been 17.96% had the Advisor not reimbursed the Fund for the loss on a portfolio investment.

<sup>5</sup> Not annualized.

<sup>6</sup> Annualized.

See accompanying Notes to Financial Statements.

**Horizon Spin-off and Corporate Restructuring Fund**  
**FINANCIAL HIGHLIGHTS**  
**Class C**

*Per share operating performance.*

*For a capital share outstanding throughout each period.*

	For the Six Months Ended October 31, 2016 (Unaudited)	For the Year Ended April 30, 2016	For the Year Ended April 30, 2015	For the Year Ended April 30, 2014	For the Year Ended April 30, 2013	For the Year Ended April 30, 2012
<b>Net asset value, beginning of period</b>	\$ 8.25	\$ 9.97	\$ 10.14	\$ 8.64	\$ 6.83	\$ 7.33
<b>Income from Investment Operations:</b>						
Net investment loss <sup>1</sup>	(0.03)	(0.06)	(0.11)	(0.09)	(0.01)	(0.04)
Net realized and unrealized gain (loss) on investments	0.55	(1.66)	(0.06)	1.58	1.86	(0.44)
Net increase from payment by affiliates (Note 3)	-	-	-	0.01	-	-
Total from investment operations	0.52	(1.72)	(0.17)	1.50	1.85	(0.48)
<b>Less Distributions:</b>						
From net investment income	-	-	-	-	(0.04)	(0.02)
<b>Redemption fee proceeds<sup>1</sup></b>	-	-	-	-	-	-
<b>Net asset value, end of period</b>	<u>\$ 8.77</u>	<u>\$ 8.25</u>	<u>\$ 9.97</u>	<u>\$ 10.14</u>	<u>\$ 8.64</u>	<u>\$ 6.83</u>
<b>Total return<sup>3</sup></b>	6.30% <sup>5</sup>	(17.25)%	(1.68)%	17.36% <sup>4</sup>	27.16%	(6.44)%
<b>Ratios and Supplemental Data:</b>						
Net assets, end of period (in thousands)	\$ 5,806	\$ 6,290	\$ 12,057	\$ 10,701	\$ 9,108	\$ 8,300
Ratio of expenses to average net assets:						
Before fees waived and expenses absorbed	3.14% <sup>6</sup>	2.49%	2.52%	2.53%	2.61%	2.33%
After fees waived and expenses absorbed	2.25% <sup>6</sup>	2.25%	2.25%	2.09%	2.00%	2.00%
Ratio of net investment income (loss) to average net assets:						
Before fees waived and expenses absorbed	(1.56)% <sup>6</sup>	(0.94)%	(1.32)%	(1.35)%	(0.70)%	(1.00)%
After fees waived and expenses absorbed	(0.67)% <sup>6</sup>	(0.70)%	(1.05)%	(0.91)%	(0.09)%	(0.67)%
Portfolio turnover rate	8% <sup>5</sup>	2%	40%	18%	4%	19%

<sup>1</sup> Based on average shares outstanding for the period.

<sup>2</sup> Amount represents less than \$0.01 per share.

<sup>3</sup> Total returns would have been lower had expenses not been waived or absorbed by the Advisor. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns shown do not include payment of a Contingent Deferred Sales Charge ("CDSC") of 1.00% on purchases that are redeemed in whole or in part within 12 months of purchase. If the sales charge was included total returns would be lower. Prior to January 1, 2014 the CDSC was 0.75%.

<sup>4</sup> Total return would have been 17.25% had the Advisor not reimbursed the Fund for the loss on a portfolio investment.

<sup>5</sup> Not annualized.

<sup>6</sup> Annualized.

See accompanying Notes to Financial Statements.

**Horizon Spin-off and Corporate Restructuring Fund**  
**FINANCIAL HIGHLIGHTS**  
**Institutional Class**

*Per share operating performance.*

*For a capital share outstanding throughout each period.*

	For the Six Months Ended October 31, 2016 (Unaudited)	For the Year Ended April 30, 2016	For the Year Ended April 30, 2015	For the Year Ended April 30, 2014	For the Year Ended April 30, 2013	For the Year Ended April 30, 2012
<b>Net asset value, beginning of period</b>	\$ 8.53	\$ 10.20	\$ 10.27	\$ 8.67	\$ 6.86	\$ 7.38
<b>Income from Investment Operations:</b>						
Net investment income (loss) <sup>1</sup>	0.02	0.03	(0.01)	(0.01)	0.05	0.01
Net realized and unrealized gain (loss) on investments	0.55	(1.70)	(0.06)	1.60	1.85	(0.45)
Net increase from payment by affiliates (Note 3)	-	-	-	0.01	-	-
Total from investment operations	0.57	(1.67)	(0.07)	1.60	1.90	(0.44)
<b>Less Distributions:</b>						
From net investment income	-	-	-	-	(0.09)	(0.08)
<b>Redemption fee proceeds<sup>1</sup></b>	-	-	-	-	-	-
<b>Net asset value, end of period</b>	\$ 9.10	\$ 8.53	\$ 10.20	\$ 10.27	\$ 8.67	\$ 6.86
<b>Total return<sup>3</sup></b>	6.68% <sup>5</sup>	(16.37)%	(0.68)%	18.45% <sup>4</sup>	28.03%	(5.74)%
<b>Ratios and Supplemental Data:</b>						
Net assets, end of period (in thousands)	\$ 12,704	\$ 24,185	\$ 52,312	\$ 52,635	\$ 39,375	\$ 46,863
Ratio of expenses to average net assets:						
Before fees waived and expenses absorbed	2.14% <sup>6</sup>	1.49%	1.52%	1.69%	1.86%	1.58%
After fees waived and expenses absorbed	1.25% <sup>6</sup>	1.25%	1.25%	1.25%	1.25%	1.25%
Ratio of net investment income (loss) to average net assets:						
Before fees waived and expenses absorbed	(0.56)% <sup>6</sup>	0.06%	(0.32)%	(0.51)%	0.05%	(0.25)%
After fees waived and expenses absorbed	0.33% <sup>6</sup>	0.30%	(0.05)%	(0.07)%	0.66%	0.08%
Portfolio turnover rate	8% <sup>5</sup>	2%	40%	18%	4%	19%

<sup>1</sup> Based on average shares outstanding for the period.

<sup>2</sup> Amount represents less than \$0.01 per share.

<sup>3</sup> Total returns would have been lower had expenses not been waived or absorbed by the Advisor. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>4</sup> Total return would have been 18.34% had the Advisor not reimbursed the Fund for the loss on a portfolio investment.

<sup>5</sup> Not annualized.

<sup>6</sup> Annualized.

See accompanying Notes to Financial Statements.

**Horizon Spin-off and Corporate Restructuring Fund**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 1 – Organization**

The Horizon Spin-off and Corporate Restructuring Fund (the “Fund”) was organized as a non-diversified series of Investment Managers Series Trust, a Delaware statutory trust (the “Trust”) which is registered as an open-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”). Prior to February 11, 2014, the Fund was known as the Liberty Street Horizon Fund. The Fund seeks to achieve long-term growth of capital. The Fund currently offers three classes of shares: Class A, Class C, and Institutional Class. Class A commenced operations on May 4, 2007. Class C commenced operations on May 24, 2007. Institutional Class commenced operations on July 11, 2007.

The shares of each class represent an interest in the same portfolio of investments of the Fund and have equal rights as to voting, redemptions, dividends and liquidation, subject to the approval of the Trustees. Income, expenses (other than expenses attributable to a specific class) and realized and unrealized gains and losses on investments are allocated to each class of shares in proportion to their relative shares outstanding. Shareholders of a class that bears distribution and service expenses under the terms of a distribution plan have exclusive voting rights to that distribution plan.

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 “Financial Services—Investment Companies”.

**Note 2 – Accounting Policies**

The following is a summary of the significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

**(a) Valuation of Investments**

The Fund values equity securities at the last reported sale price on the principal exchange or in the principal over the counter (“OTC”) market in which such securities are traded, as of the close of regular trading on the NYSE on the day the securities are being valued or, if the last-quoted sales price is not readily available, the securities will be valued at the last bid or the mean between the last available bid and ask price. Securities traded on the NASDAQ are valued at the NASDAQ Official Closing Price (“NOCP”). Debt securities are valued by utilizing a price supplied by independent pricing service providers. The independent pricing service providers may use various valuation methodologies including matrix pricing and other analytical pricing models as well as market transactions and dealer quotations. These models generally consider such factors as yields or prices of bonds of comparable quality, type of issue, coupon, maturity, ratings and general market conditions. If a price is not readily available for a portfolio security, the security will be valued at fair value (the amount which the Fund might reasonably expect to receive for the security upon its current sale) as determined in good faith by the Fund’s advisor, subject to review and approval by the Valuation Committee, pursuant to procedures adopted by the Board of Trustees. The actions of the Valuation Committee are subsequently reviewed by the Board at its next regularly scheduled board meeting. The Valuation Committee meets as needed. The Valuation Committee is comprised of all the Trustees, but action may be taken by any one of the Trustees. The Fund values exchange-traded options at the last sales price, or, if no last sales price is available, at the last bid price.

Trading in securities on many foreign securities exchanges and OTC markets is normally completed before the close of business on each U.S. business day. In addition, securities trading in a particular country or countries may not take place on all U.S. business days or may take place on days which are not U.S. business days. Changes in

**Horizon Spin-off and Corporate Restructuring Fund**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
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valuations on certain securities may occur at times or on days on which the Fund's net asset values ("NAV") are not calculated and on which the Fund does not affect sales and redemptions of its shares.

**(b) Investment Transactions, Investment Income and Expenses**

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Dividend income is recorded net of applicable withholding taxes on the ex-dividend date and interest income is recorded on an accrual basis. Withholding taxes on foreign dividends, if applicable, are paid (a portion of which may be reclaimable) or provided for in accordance with the applicable country's tax rules and rates and are disclosed in the Statement of Operations. Withholding tax reclaims are filed in certain countries to recover a portion of the amounts previously withheld. The Fund records a reclaim receivable based on a number of factors, including a jurisdiction's legal obligation to pay reclaims as well as payment history and market convention. Discounts or premiums on debt securities are accreted or amortized to interest income over the lives of the respective securities using the effective interest method. Income and expenses of the Fund are allocated on a pro rata basis to each class of shares, except for distribution and service fees which are unique to each class of shares. Expenses incurred by the Trust with respect to more than one fund are allocated in proportion to the net assets of each fund except where allocation of direct expenses to each Fund or an alternative allocation method can be more appropriately made.

**(c) Foreign Currency Translation**

The Fund's records are maintained in U.S. dollars. The value of securities, currencies and other assets and liabilities denominated in currencies other than U.S. dollars are translated into U.S. dollars based upon foreign exchange rates prevailing at the end of the reporting period. The currencies are translated into U.S. dollars by using the exchange rates quoted at the close of the London Stock Exchange prior to when the Fund's NAV is next determined. Purchases and sales of investment securities, income and expenses are translated on the respective dates of such transactions.

The Fund does not isolate that portion of its net realized and unrealized gains and losses on investments resulting from changes in foreign exchange rates from the impact arising from changes in market prices. Such fluctuations are included with net realized and unrealized gain or loss from investments and foreign currency.

Net realized foreign currency transaction gains and losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the differences between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign currency translation gains and losses arise from changes in the value of assets and liabilities, other than investments in securities, resulting from changes in the exchange rates.

**(d) Federal Income Taxes**

The Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its net investment income and any net realized gains to its shareholders. Therefore, no provision is made for federal income or excise taxes. Due to the timing of dividend distributions and the differences in accounting for income and realized gains and losses for financial statement and federal income tax purposes, the fiscal year in which amounts are distributed may differ from the year in which the income and realized gains and losses are recorded by the Fund.

*Accounting for Uncertainty in Income Taxes* (the "Income Tax Statement") requires an evaluation of tax positions taken (or expected to be taken) in the course of preparing a Fund's tax returns to determine whether these positions meet a "more-likely-than-not" standard that, based on the technical merits, have a more than fifty



**Horizon Spin-off and Corporate Restructuring Fund**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
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percent likelihood of being sustained by a taxing authority upon examination. A tax position that meets the “more-likely-than-not” recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations.

The Income Tax Statement requires management of the Fund to analyze tax positions taken in the prior three open tax years, if any, and tax positions expected to be taken in the Fund’s current tax year, as defined by the IRS statute of limitations for all major jurisdictions, including federal tax authorities and certain state tax authorities. As of and during the open years ended April 30, 2014-2016 and as of and during the six months ended October 31, 2016, the Fund did not have a liability for any unrecognized tax benefits. The Fund has no examination in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

**(e) Distributions to Shareholders**

The Fund will make distributions of net investment income and capital gains, if any, at least annually. Distributions to shareholders are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from GAAP.

The character of distributions made during the year from net investment income or net realized gains may differ from the characterization for federal income tax purposes due to differences in the recognition of income, expense and gain (loss) items for financial statement and tax purposes.

**(f) Securities Lending**

The Fund may engage in securities lending. The loans are secured by collateral. During the term of the loan, the Fund will continue to receive any interest, dividends or amounts on the loaned securities while receiving interest on the investment of the cash collateral. Securities lending income is disclosed as such in the Statements of Operations. The collateral for the securities on loan is recognized in the Statements of Assets and Liabilities. The cash collateral is maintained on the Fund's behalf and is invested in short-term securities. Loans are subject to termination at the option of the borrower of the security. Upon termination of the loan, the borrower will return to the lender securities identical to the loaned securities. The Fund may pay reasonable administrative and custodial fees in connection with a loan of its securities and may share the interest and/or fees earned on the collateral with the borrower. The Fund bears the risk of delay in recovery of, or even loss of rights in, the securities loaned should the borrower of the securities fail financially.

As of October 31, 2016, there were no securities loaned by the Fund and there was no collateral due to broker by the Fund.

**Note 3 – Investment Advisory and Other Agreements**

The Trust, on behalf of the Fund, entered into an Investment Advisory Agreement (the “Agreement”) with Liberty Street Advisors, Inc. (the “Advisor”). Under the terms of the Agreement, the Fund pays a monthly investment advisory fee to the Advisor at the annual rate of 1.00% of the Fund’s average daily net assets. The Advisor engages Horizon Asset Management LLC (the “Sub-Advisor”) to manage the Fund and pays the Sub-Advisor from its advisory fees.

The Advisor has contractually agreed to waive its fee and/or pay for operating expenses to ensure that total annual operating expenses (excluding taxes, interest, portfolio transaction expenses, 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 1.50%, 2.25% and 1.25% of the Fund's

**Horizon Spin-off and Corporate Restructuring Fund**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
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average daily net assets for Class A, Class C, and Institutional Class, respectively until August 31, 2017, and may be terminated before that date only by the Trust’s Board of Trustees. Prior to January 1, 2014 the Advisor had contractually agreed to waive its fee and/or pay for operating expenses to ensure that total annual operating expenses (excluding taxes, interest, portfolio transaction expenses, 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 1.50%, 2.00% and 1.25% of the Fund’s average daily net assets for Class A, Class C, and Institutional Class, respectively.

For the six months ended October 31, 2016, the Advisor waived its advisory fees totaling \$122,071. The Advisor may recover from the Fund fees and/or expenses previously waived and/or absorbed if the Fund’s expense ratio, including the recovered expenses, falls below the expense limit at which they were waived. The Advisor is permitted to seek reimbursement from the Fund for a period ending three full fiscal years following the fiscal year in which such reimbursements occurred. At October 31, 2016, the amount of these potentially recoverable expenses was \$752,924. The Advisor may recapture all or a portion of this amount no later than April 30, of the years stated below:

2017	\$	285,951
2018		204,685
2019		140,217
2020		122,071
	\$	<u>752,924</u>

The “Net increase from payments by affiliates” in the Financial Highlights represents an amount reimbursed from the Advisor for the loss on a portfolio investment.

Forside Fund Services, LLC (“Distributor”) serves as the Fund’s distributor; UMB Fund Services, Inc. (“UMBFS”) serves as the Fund’s fund accountant, transfer agent and co-administrator; and Mutual Fund Administration, LLC (“MFAC”) serves as the Fund’s other co-administrator. UMB Bank, n.a., an affiliate of UMBFS, serves as the Fund’s custodian.

Certain trustees and officers of the Trust are employees of UMBFS or MFAC. The Fund does not compensate trustees and officers affiliated with the Fund’s co-administrators. For the six months ended October 31, 2016, the Fund’s allocated fees incurred to Trustees who are not affiliated with the Fund’s co-administrators are reported on the Statement of Operations.

Dziura Compliance Consulting, LLC provides Chief Compliance Officer (“CCO”) services to the Trust. The Fund’s allocated fees incurred for CCO services for the six months ended October 31, 2016, are reported on the Statement of Operations.

**Horizon Spin-off and Corporate Restructuring Fund**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
**October 31, 2016 (Unaudited)**

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**Note 4 – Federal Income Taxes**

At October 31, 2016, gross unrealized appreciation and depreciation of investments, based on cost for federal income tax purposes were as follows:

Cost of investments	\$ 24,798,892
Gross unrealized appreciation	\$ 6,257,735
Gross unrealized depreciation	<u>(5,962,411)</u>
Net unrealized appreciation on investments	<u>\$ 295,324</u>

The difference between cost amounts for financial statement and federal income tax purposes is due primarily to timing differences in recognizing certain gains and losses in security transactions.

As of April 30, 2016 the components of accumulated earnings (deficit) on a tax basis were as follows:

Undistributed ordinary income	\$ -
Undistributed long-term gains	-
Tax accumulated earnings	<u>-</u>
Accumulated capital and other losses	(1,890,452)
Unrealized appreciation on investments	<u>862,315</u>
Total accumulated earnings (deficit)	<u>\$ (1,028,137)</u>

The tax character of distributions paid during the fiscal years ended April 30, 2016 and April 30, 2015 were as follows:

Distribution paid from:	2016	2015
Ordinary income	\$ -	\$ -
Long-term capital gains	-	-
Total distributions paid	<u>\$ -</u>	<u>\$ -</u>

As of April 30, 2016, the Fund had a capital loss carryover of \$1,158,416 which expires in 2019.

To the extent that a Fund may realize future net capital gains, those gains will be offset by any of its unused capital loss carryforward. Future capital loss carryover utilization in any given year may be subject to Internal Revenue Code limitations. During the year ended April 30, 2016, the Fund utilized \$3,130,986 of its capital loss carryovers.

Losses incurred after October 31 (“post-October” losses) within the taxable year are deemed to arise on the first day of a Fund’s next taxable year. As of April 30, 2016, the Fund had \$192,765 of post-October capital losses which were deferred until May 1, 2016 for tax purposes.

**Horizon Spin-off and Corporate Restructuring Fund**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
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**Note 5 – Redemption Fee**

The Fund imposed a redemption fee of 1.00% of the total redemption amount on all shares redeemed within 90 days of purchase. As of August 31, 2012, the Fund no longer imposes the redemption fee.

**Note 6 – Investment Transactions**

For the six months ended October 31, 2016, purchases and sales of investments, excluding short-term investments, were \$2,222,111 and \$14,671,650, respectively.

**Note 7 – Distribution Plan**

The Trust, on behalf of the Fund, has adopted a Distribution Plan (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act, that allows the Fund to pay distribution fees for the sale and distribution of its shares. With respect to the Class A and Class C, the Plan provides for the payment of distribution fees at the annual rate of up to 0.25% and 1.00%, respectively, of average daily net assets, payable to the Distributor. Prior to January 1, 2014 with respect to the Class A and Class C, the Plan provided for the payment of distribution fees at the annual rate of up to 0.25% and 0.75%, respectively, of average daily net assets, payable to the Distributor. The Institutional Class does not pay any distribution fees.

The Advisor’s affiliated broker-dealer, HRC Fund Associates, LLC (“HRC”), Member FINRA/SIPC, markets the Fund shares to financial intermediaries pursuant to a marketing agreement with the Advisor. In addition, HRC may receive sales charges from the Fund’s Distributor for activities relating to the marketing of Fund shares pursuant to a wholesaling agreement with the Fund’s Distributor. During the six month period ending October 31, 2016, HRC received \$59,182 in sales charges from the Distributor for services rendered pursuant to the wholesaling agreement from 2009 through 2015 with respect to the Fund.

For the six months ended October 31, 2016, distribution fees incurred are disclosed on the Statement of Operations.

**Note 8 – Shareholder Servicing Plan**

The Trust, on behalf of the Fund, has adopted a Shareholder Servicing Plan to pay a fee at an annual rate of up to 0.15% of average daily net assets of shares serviced by shareholder servicing agents who provide administrative and support services to their customers. Prior to January 1, 2014, the Trust, on behalf of the Fund, had adopted a Shareholder Servicing Plan to pay a fee at an annual rate of up to 0.10% of average daily net assets of shares serviced by shareholder servicing agents who provide administrative and support services to their customers.

For the six months ended October 31, 2016, shareholder servicing fees incurred are disclosed on the Statement of Operations.

**Note 9 – Indemnifications**

In the normal course of business, the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund expects the risk of loss to be remote.

**Note 10 – Fair Value Measurements and Disclosure**

*Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosure about fair value measurements. It also provides guidance on determining when there has been a significant decrease in the volume and level of activity for an asset or a

**Horizon Spin-off and Corporate Restructuring Fund**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
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liability, when a transaction is not orderly, and how that information must be incorporated into a fair value measurement.

Under *Fair Value Measurements and Disclosures*, various inputs are used in determining the value of the Fund’s investments. These inputs are summarized into three broad Levels as described below:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different Levels of the fair value hierarchy. In such cases, for disclosure purposes, the Level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest Level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the inputs used, as of October 31, 2016, in valuing the Fund’s assets carried at fair value:

	Level 1	Level 2**	Level 3**	Total
<b>Investments</b>				
Common Stocks*	\$ 23,394,425	\$ -	\$ -	\$ 23,394,425
Warrants	33,300	-	-	33,300
Short-Term Investments	1,666,491	-	-	1,666,491
Total Investments	<u>\$ 25,094,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,094,216</u>

\* All common stocks held in the Fund are Level 1 securities. For a detailed break-out of common stocks by major industry classification, please refer to the Schedule of Investments.

\*\* The Fund did not hold any Level 2 or 3 securities at period end.

Transfers between Levels 1, 2, or 3 are recognized at the end of the reporting period. There were no transfers between levels at period end.

**Horizon Spin-off and Corporate Restructuring Fund**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
**October 31, 2016 (Unaudited)**

**Note 11 – Derivatives and Hedging Disclosures**

*Derivatives and Hedging* requires enhanced disclosures about the Fund's derivative and hedging activities, including how such activities are accounted for and their effects on the Fund's financial position, performance and cash flows. The Fund invested in warrants during the six months ended October 31, 2016.

The effects of these derivative instruments on the Fund's financial position and financial performance as reflected in the Statement of Assets and Liabilities and Statement of Operations are presented in the tables below. The fair values of derivative instruments as of October 31, 2016 by risk category are as follows:

Derivatives not designated as hedging instruments	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Value	Statement of Assets and Liabilities Location	Value
Warrants	Investments, at value	\$ 33,300	-	\$ -
Total		<u>\$ 33,300</u>		<u>\$ -</u>

The effects of derivative instruments on the Statement of Operations for the six months ended October 31, 2016 are as follows:

**Change in Unrealized Appreciation/Depreciation on Derivatives Recognized in Income**

Derivatives not designated as hedging instruments	Total
Warrants	\$ (37,301)
Total	<u>\$ (37,301)</u>

The quarterly average volumes of derivative instruments as of October 31, 2016 are as follows:

Derivatives not designated as hedging instruments	Average Market Value
Warrants	\$ 47,967

**Note 12 – Recently Issued Accounting Pronouncements**

*Disclosure for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)* removes the requirement to categorize within the fair value hierarchy investments measured using the net asset value per share ("NAV") practical expedient, as well as removes certain disclosure requirements for investments that qualify, but do not utilize, the NAV practical expedient. Management has evaluated the impact on the financial statement disclosures and determined that there is no effect.

**Note 13 – Events Subsequent to the Fiscal Period End**

The Fund has adopted financial reporting rules regarding subsequent events which require an entity to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet. Management has evaluated the Fund's related events and transactions that occurred through the date of issuance of the Fund's financial statements.

**Horizon Spin-off and Corporate Restructuring Fund**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
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The Fund declared the payment of a distribution to be paid, on December 20, 2016, to shareholders of record on December 19, 2016 as follows:

	Short Term Capital Gain	Long Term Capital Gain	Income
Class A Shares:	None	\$ 0.17611	None
Class C Shares:	None	0.17611	None
Class I Shares:	None	0.17611	None

There were no other events or transactions that occurred during this period that materially impacted the amounts or disclosures in the Fund's financial statements.

## Horizon Spin-off and Corporate Restructuring Fund SUPPLEMENTAL INFORMATION (Unaudited)

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### ***Board Consideration of Investment Advisory and Sub-Advisory Agreements***

At an in-person meeting held on June 7-9, 2016, the Board of Trustees (the “Board”) of Investment Managers Series Trust (the “Trust”), including the trustees who are not “interested persons” of the Trust (the “Independent Trustees”) as defined in the Investment Company Act of 1940, as amended (the “1940 Act”), reviewed and unanimously approved the renewal of the Investment Advisory Agreement (the “Advisory Agreement”) between the Trust and Liberty Street Advisors, Inc. (the “Investment Advisor”) and the Sub-Advisory Agreement (the “Sub-Advisory Agreement”) between the Investment Advisor and Horizon Asset Management LLC (the “Sub-Advisor”) with respect to the Horizon Spin-off and Corporate Restructuring Fund series of the Trust (the “Fund”) for an additional one-year term. The Advisory Agreement and the Sub-Advisory Agreement are referred to below as the “Fund Advisory Agreements.” In approving renewal of each Fund Advisory Agreement, the Board, including the Independent Trustees, determined that such renewal was in the best interests of the Fund and its shareholders.

### ***Background***

In advance of the meeting, the Board received information about the Fund and the Fund Advisory Agreements from the Investment Advisor, the Sub-Advisor, and Mutual Fund Administration, LLC and UMB Fund Services, Inc., the Trust’s co-administrators, certain portions of which are discussed below. The materials, among other things, included information about the organization and financial condition of the Investment Advisor and the Sub-Advisor; information regarding the background and experience of relevant personnel providing services to the Fund; reports comparing the performance of the Fund with returns of the S&P 500 Index and a group of comparable funds selected by Morningstar, Inc. (the “Peer Group”) from its Mid-Cap Growth fund universe (the “Fund Universe”) for the one-, three-, and five-year periods ended March 31, 2016; and reports comparing the investment advisory fees and total expenses of the Fund with those of the Peer Group and Fund Universe. The Board also received a memorandum from the independent legal counsel to the Trust and the Independent Trustees discussing the legal standards under the 1940 Act and other applicable law for their consideration of the proposed renewal of the Fund Advisory Agreements. In addition, the Board considered information reviewed by the Board during the year at other Board and Board committee meetings. No representatives of the Investment Advisor or Sub-Advisor were present during the Board’s consideration of the Fund Advisory Agreements.

In approving renewal of each Fund Advisory Agreement, the Board and the Independent Trustees considered a variety of factors, including those discussed below. In their deliberations, the Board and the Independent Trustees did not identify any particular factor that was controlling, and each Trustee may have attributed different weights to the various factors.

### ***Liberty Street Advisors, Inc.***

#### Nature, Extent and Quality of Services

With respect to the performance results of the Fund, the meeting materials indicated that the total return for the Fund for the one-year period was below the return of the S&P 500 Index and the median returns of the Mid-Cap Growth Fund Universe and Peer Group by 19.54%, 10.18%, and 7.41%, respectively. The Fund’s annualized total return for the three-year period was below the return of the S&P 500 Index and the median returns of the Fund Universe and Peer Group by 10.49%, 7.19%, and 3.16%, respectively. The Fund’s annualized total return for the five-year period was below the return of the S&P 500 Index and the median returns of the Fund Universe and Peer Group by 7.48%, 3.55%, and 1.54%, respectively.

In reviewing the Fund’s relative performance, the Trustees considered explanations by the Investment Advisor and the Sub-Advisor that the Fund’s significant underperformance for the one-year period affected its performance record for the three- and five-year periods; that in each of 2012 and 2013 the total return of the Fund exceeded the return of the S&P 500 Index by over 10% and was in the top decile of funds in the Fund Universe; and that for the past several years large-cap stocks have significantly outperformed small- and mid-cap stocks and the growth



## Horizon Spin-off and Corporate Restructuring Fund

### SUPPLEMENTAL INFORMATION (Unaudited) - Continued

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investment style has outperformed the value investment style (which the Investment Advisor noted is the style the Sub-Advisor uses, even though Morningstar placed the Fund in the Mid-Cap Growth Fund Universe). The Trustees also considered Morningstar's past observations that the Fund is unusual for a corporate activity fund as it has a long-term approach and does not engage in short sales, and that the Fund is concentrated while other corporate activity funds are generally more diversified. In addition, the Trustees noted that the Fund's investment strategy changed in February 2014 to the Sub-Advisor's Spin-Off strategy, which is a long-term investment strategy, and that the annualized total returns of a composite of accounts managed by the Sub-Advisor using its Spin-Off strategy were above the returns of the S&P 500 Index for the ten-year and since inception (January 1997) periods ended April 30, 2016.

The Board noted its familiarity with the Investment Advisor as the investment advisor of five other series of the Trust, and considered the overall quality of services provided by the Investment Advisor to the Fund. In doing so, the Board considered the Investment Advisor's specific responsibilities in day-to-day management and oversight of the Fund, as well as the qualifications, experience, and responsibilities of the personnel involved in the activities of the Fund. The Board also considered the overall quality of the Investment Advisor's organization and operations, and the Investment Advisor's compliance structure. In addition, the Board considered the respective roles of the Investment Advisor and the Sub-Advisor, noting that the Investment Advisor provides overall supervision of the general investment management and investment operations of the Fund and oversees the Sub-Advisor with respect to the Fund's operations, including monitoring the investment and trading activities of the Sub-Advisor, and monitoring the Fund's compliance with its investment policies; and that the Sub-Advisor's responsibilities include day-to-day portfolio management. The Board and the Independent Trustees concluded that based on the various factors they had reviewed, the nature, overall quality, and extent of the management and oversight services provided by the Investment Advisor to the Fund were satisfactory.

#### Advisory Fee and Expense Ratio

With respect to the advisory fee and expenses paid by the Fund, the meeting materials indicated that the investment advisory fee (gross of fee waivers) was the same as the Peer Group median, but higher than the Mid-Cap Growth Fund Universe median by 0.25%. The Trustees noted the Investment Advisor's assessment that many funds in the Fund Universe are designed to provide investors with "style-box" exposure to mid-cap growth investments and may not provide the best basis of comparison for the Fund's actively managed specialty strategy. The Trustees also observed that the Investment Advisor serves as the investment advisor for a private fund with a similar objective and strategy as the Fund, and that the advisory fee for the private fund is the same as the advisory fee for the Fund, but the private fund is also subject to a performance fee.

The annual total expenses (net of fee waivers) paid by the Fund for its most recent fiscal year were higher than the Peer Group and Fund Universe medians by 0.06% and 0.27%, respectively. However, the Trustees noted that the average net assets of funds in the Peer Group and Fund Universe were significantly higher than the average net assets of the Fund. The Trustees also considered that the Fund has more of an actively managed, specialty strategy than many of the funds in the Fund Universe.

The Board and the Independent Trustees concluded that the compensation payable to the Investment Advisor under the Advisory Agreement was fair and reasonable in light of the services provided by the Investment Advisor to the Fund.

#### Profitability and Economies of Scale

The Board next considered information prepared by the Investment Advisor relating to its costs and profits with respect to the Fund for the year ended March 31, 2016, noting that the Investment Advisor had waived a significant portion of its advisory fee, and the Board determined that the profit level was reasonable. The Board also considered the benefits received by the Investment Advisor as a result of the Investment Advisor's

## **Horizon Spin-off and Corporate Restructuring Fund**

### **SUPPLEMENTAL INFORMATION (Unaudited) - Continued**

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relationship with the Fund (other than its receipt of investment advisory fees), including benefits received by its affiliated broker-dealer in connection with the marketing of Fund shares, beneficial effects from the review by the Trust's Chief Compliance Officer of the Investment Advisor's compliance program, and the intangible benefits of its association with the Fund generally and any favorable publicity arising in connection with the Fund's performance. The Board also noted that although the Fund has no advisory fee breakpoints, the asset level of the Fund was relatively small and was not currently likely to lead to significant economies of scale, and that any such economies would be considered in the future as the assets of the Fund grow.

#### ***Horizon Asset Management LLC***

##### Nature, Extent and Quality of Services

The Board considered the overall quality of services provided by the Sub-Advisor to the Fund. In doing so, the Board considered the Sub-Advisor's specific responsibilities in day-to-day portfolio management of the Fund, as well as the qualifications, experience, and responsibilities of the personnel involved in the activities of the Fund. The Board also considered the overall quality of the Sub-Advisor's organization and operations, and its compliance structure. The Board's observations regarding the performance of the Fund are described above. The Board and the Independent Trustees concluded that based on the various factors they had reviewed, the nature, overall quality, and extent of the management services provided by the Sub-Advisor to the Fund were satisfactory.

##### Sub-Advisory Fee

The Board reviewed information regarding the sub-advisory fee charged by the Sub-Advisor with respect to the Fund. In doing so, the Board considered the relative levels and types of services provided by the Investment Advisor and the Sub-Advisor. The Trustees noted that the sub-advisory fee charged by the Sub-Advisor with respect to the Fund was less than the standard fees it charges to its other clients with similar objectives and policies as those of the Fund. The Board noted that the Investment Advisor pays the Sub-Advisor's sub-advisory fee out of the Investment Advisor's advisory fee. The Board and the Independent Trustees concluded that the compensation payable to the Sub-Advisor under the Sub-Advisory Agreement was fair and reasonable in light of the services provided by the Sub-Advisor to the Fund.

##### Benefits to the Sub-Advisor

The Board considered the benefits received by the Sub-Advisor as a result of its relationship with the Fund (other than sub-advisory fees paid to the Sub-Advisor), including beneficial effects from the review by the Trust's Chief Compliance Officer of the Sub-Advisor's compliance program, and the intangible benefits of the Sub-Advisor's association with the Fund generally and any favorable publicity arising in connection with the Fund's performance.

#### ***Conclusion***

Based on these and other factors, the Board and the Independent Trustees concluded that renewal of each Fund Advisory Agreement was in the best interests of the Fund and its shareholders and, accordingly, approved the renewal of each Fund Advisory Agreement with respect to the Fund.

**Horizon Spin-off and Corporate Restructuring Fund**  
**EXPENSE EXAMPLE**  
**For the Six Months Ended October 31, 2016 (Unaudited)**

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**Expense Example**

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments on certain classes, and (2) ongoing costs, including management fees; distribution and/or service (12b-1) fees (Class A and Class C only); and other Fund expenses. The examples below are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

These examples are based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from May 1, 2016 to October 31, 2016.

**Actual Expenses**

The information in the row titled “Actual Performance” of the table below provides actual account values and actual expenses. You may use the information in these columns, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the appropriate row for your share class, under the column titled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

**Hypothetical Example for Comparison Purposes**

The information in the row titled “Hypothetical (5% annual return before expenses)” of the table below provides hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratios and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare these 5% hypothetical examples with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs, such as sales charges (load) or contingent deferred sales charges. Therefore, the information in the rows titled “Hypothetical (5% annual return before expenses)” is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

		Beginning Account Value	Ending Account Value	Expenses Paid During Period*
		5/1/16	10/31/16	5/1/16 – 10/31/16
<b>Class A</b>	Actual Performance	\$ 1,000.00	\$ 1,066.90	\$ 7.79
	Hypothetical (5% annual return before expenses)	1,000.00	1,017.67	7.60
<b>Class C</b>	Actual Performance	1,000.00	1,063.00	11.68
	Hypothetical (5% annual return before expenses)	1,000.00	1,013.88	11.40
<b>Institutional Class</b>	Actual Performance	1,000.00	1,066.80	6.49
	Hypothetical (5% annual return before expenses)	1,000.00	1,018.93	6.34

\* Expenses are equal to the Fund’s annualized expense ratio of 1.50%, 2.25% and 1.25% for Class A, Class C and Institutional Class, respectively, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the six month period). The expense ratios reflect an expense waiver. Assumes all dividends and distributions were reinvested.

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## **Horizon Spin-off and Corporate Restructuring Fund**

*A series of Investment Managers Series Trust*

### ***Investment Advisor***

Liberty Street Advisors, Inc.  
100 Wall Street, 20<sup>th</sup> Floor  
New York, New York 10005

### ***Sub-Advisor***

Horizon Asset Management LLC  
470 Park Avenue South, 4<sup>th</sup> Floor South  
New York, New York 10016

### ***Custodian***

UMB Bank, n.a.  
928 Grand Boulevard, 5<sup>th</sup> Floor  
Kansas City, Missouri 64106

### ***Fund Co-Administrator***

Mutual Fund Administration, LLC  
2220 E. Route 66, Suite 226  
Glendora, California 91740

### ***Fund Co-Administrator, Transfer Agent and Fund Accountant***

UMB Fund Services, Inc.  
235 W. Galena Street  
Milwaukee, Wisconsin 53212

### ***Distributor***

Foreside Fund Services, LLC  
Three Canal Plaza, Suite 100  
Portland, Maine 04101  
[www.foreside.com](http://www.foreside.com)

## FUND INFORMATION

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	<b><u>TICKER</u></b>	<b><u>CUSIP</u></b>
Horizon Spin-off and Corporate Restructuring Fund Class A	LSHAX	461 418 840
Horizon Spin-off and Corporate Restructuring Fund Class C	LSHCX	461 418 832
Horizon Spin-off and Corporate Restructuring Fund Institutional Class	LSHUX	461 418 824

### **Privacy Principles of the Horizon Spin-off and Corporate Restructuring Fund for Shareholders**

The Fund is committed to maintaining the privacy of its shareholders and to safeguarding its non-public personal information. The following information is provided to help you understand what personal information the Fund collects, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, the Fund does not receive any non-public personal information relating to its shareholders, although certain non-public personal information of its shareholders may become available to the Fund. The Fund does not disclose any non-public personal information about its shareholders or former shareholders to anyone, except as permitted by law or as is necessary in order to service shareholder accounts (for example, to a transfer agent or third party administrator).

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This report is sent to shareholders of the Horizon Spin-off and Corporate Restructuring Fund for their information. It is not a Prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.

### **Proxy Voting Policies and Procedures**

A description of the Fund's proxy voting policies and procedures related to portfolio securities is available without charge, upon request, by calling the Fund at (800) 207-7108, on the Fund's website at <http://www.libertystreetfunds.com> or on the U.S. Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>.

### **Proxy Voting Record**

Information regarding how the Fund voted proxies for portfolio securities, if applicable, during the most recent 12-month period ended June 30, is also available, without charge and upon request by calling (800) 207-7108, on the Fund's website at <http://www.libertystreetfunds.com> or by accessing the Fund's Form N-PX on the SEC's website at <http://www.sec.gov>.

### **Form N-Q Disclosure**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available on the SEC website at <http://www.sec.gov> or by calling the Fund at (800) 207-7108. The Fund's Form N-Q may also be viewed and copied at the SEC's Public Reference Section in Washington, DC. Information on the operation of the Public Reference Section may be obtained by calling (800) SEC-0330.

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