



Investment Implications of MLP Mutual Fund Taxation

December 2015

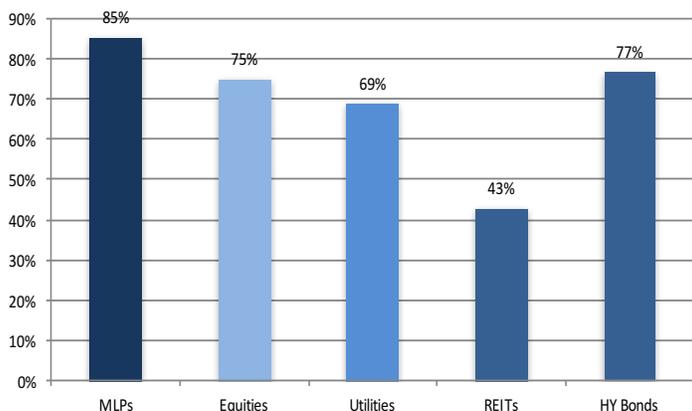
Fund Goals: The Fund was created to provide investors with access to a concentrated, professionally managed portfolio of midstream energy infrastructure master limited partnerships ("MLP"s) within a structure that simplifies their tax reporting responsibilities down to a single Form 1099 as opposed to multiple individual K-1s.

Corporate Taxation: Because the Fund's portfolio is concentrated in the MLP security class, the Fund is subject to taxes as a corporation including federal (currently 35%) and state and local taxes. These taxes are paid and accrued by the Fund, not the Fund's shareholders, and are reflected in the Fund's daily net asset value (NAV).

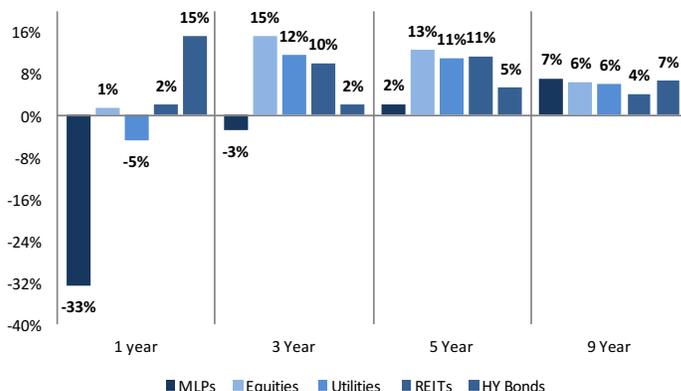
Single Form 1099: Shareholders receive a single 1099 form, as with any other mutual fund; to be received promptly after year-end.

MLP Comparative 9 Year Returns: As shown below (graph on left), the Alerian MLP Index's 9 year cumulative return of 85% outperformed the return of the next highest returning asset class, High Yield Bonds. Real Estate Investment Trusts (REITs) invest in real estate directly, either through properties or mortgages. Utilities include companies such as electric, gas, and water firms, and integrated providers that require significant infrastructure. High Yield Bonds (HY Bonds) are corporate fixed interest debt securities that are rated below "investment grade" (generally below BBB).

Cumulative Index 9 Year Return
(as of 12/31/15)



Comparative Index Annualized Returns
1, 3, 5, and 9 Years (as of 12/31/15)



Latest Available Data, Source: Equities: S&P 500 Index, Standard & Poors (Bloomberg); Utilities: S&P 500 Utilities, Standard & Poors (Bloomberg); HY Bonds: Moody's Corporate Baa Bond Index (Bloomberg); REITs: FTSE NAREIT Composite Index (www.nareit.com); MLPs: Alerian MLP Index (www.alerian.com; Morningstar)

Past performance is not a guarantee of future results. All MLP data on the page is illustrated by the Alerian MLP Index (inception date of 6/1/06). The Alerian MLP Index data is not representative of the Fund and the Fund's investment portfolio may be materially different from the Alerian MLP Index. One cannot invest directly in an index. Returns for all asset classes listed above are before investment management fees.

Monthly Distributions: The Fund seeks to make monthly cash distributions to shareholders at a rate that is over time is similar to the distribution rate it receives from the MLPs in which it invests.

Distributions may be Tax Deferred: Unless the Fund has large capital gains or other unusual or unexpected income items, 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.

Dividend Portion, if any, is Qualified: For any portion of such distribution not deemed to be a "return of capital," such portion would likely be considered a qualified dividend for which the current federal tax rate is 15% - 20% depending on the investor's income tax bracket. Qualified dividends are taxable in the year received and do not serve to reduce the shareholder's cost basis.

Gains and ROC taxed at Long Term Capital Gains Rates: Assuming the Fund is held by an investor for more than a year, any gain (including the effect of the cost basis adjustment associated with return of capital distributions) would be taxed at Federal long-term capital gains rates (currently 15%-20% depending on the investor's income tax bracket). Such tax would only be imposed when the shareholder sells the Fund.

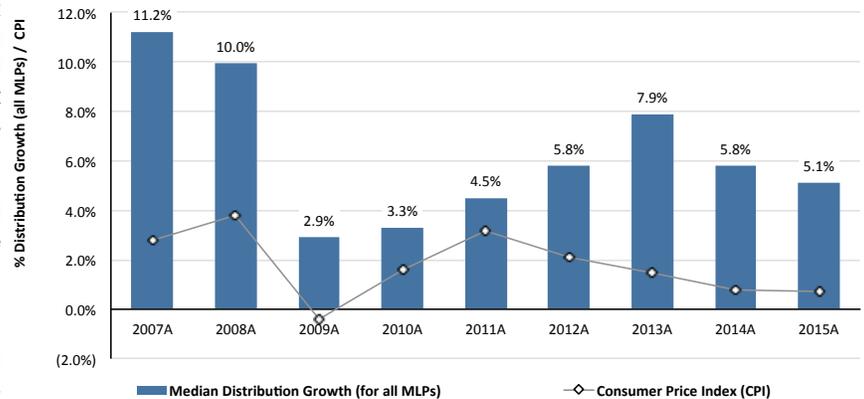
Adjusted Cost Basis Reported by Financial Intermediary: Financial advisors, brokers or custodians must maintain records that provide a cumulative cost basis adjusted to reflect the return of capital distributions.

Taxable Accounts: The Fund will seek to provide return characteristics that have historically, as represented by past performance of the Wells Fargo MLP Index over the past 9 years, been associated with MLP investments, including (1) attractive levels of cash distributions (2) incremental capital appreciation; (3) growth in annual distributions that outpaces inflation (see graph on right.) **Past performance is not a guarantee of future results.**

Non-Taxable Accounts: The Fund can be used in IRA and 401K plans without Unrelated Business Taxable Income (UBTI) limitations, but you may be taxed later upon withdrawal of the money.

Taxable Estate Planning Accounts: Taxable accounts could hold the Fund until death where it passes to shareholder's estate and basis is "stepped-up" to the Fund's value at time of death, thus eliminating any tax on unrealized gains, if any, and any cost basis adjustments with respect to past distributions classified as return of capital. **Please consult your tax professional.**

Historical 9 Year MLP Index Distribution Growth vs. Inflation (CPI)



Sources: MLPs: Wells Fargo MLP Index (Wells Fargo Securities), CPI: Bureau of Economic Analysis and Bureau of Labor Statistics.

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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 877-766-0066 or by visiting the Fund's website at www.libertystreetfunds.com. Please read the prospectus or summary prospectus carefully before investing. The Fund may not be suitable for all investors.

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:

deductions, which could result in a material decrease in the Fund's NAV and/or lower after-tax distributions to Fund shareholders.

- 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). The ROC portion may also be impacted by the Fund's strategy, which may recognize gains on its holdings. 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.

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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 Fund accrues deferred income tax liabilities/assets which is reflected daily in the Fund's NAV. Index returns do not reflect deferred income tax liabilities/assets. One cannot invest directly in an index.

The views in this material are intended to assist readers in understanding certain investment methodology and do not constitute investment or tax advice. The Fund, The Fund's advisor, and the Fund's sub-advisor do not render advice on tax and tax accounting matters. This material was not intended or written to be used, and it cannot be used or relied upon by any recipient, for any purpose, including the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax laws. The views in this material were those of the author as of the date of publication and may not reflect his view on the date this material is first published or any time thereafter.

Description of Indices and Benchmarks:

MLPs: **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). Unlike the Fund, the Alerian MLP Index is not structured as a C-corp. Inception Date: June 1, 2006. **The Wells Fargo MLP Index** is a market-cap weighted, float-adjusted index which tracks the performance of the energy Master Limited Partnerships (MLPs) with market-caps of at least \$200M. Inception Date: December 11, 2006. **RISKS:** Discussed throughout this material - include tax related risks due to their partnership status, unlike the other asset classes discussed, as well as possible higher volatility than the majority of the other asset classes discussed.

Equities: **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. Inception Date: March 4, 1957 **RISKS:** can be affected by general market or economic conditions.

Utilities: **S&P 500 Utilities Index** – The S&P 500 Utilities Index corresponds generally to the performance of company equities in the S&P 500 utilities economic sector. The Utilities sector encompasses those companies considered electric, gas or water utilities, or companies that operate as independent producers and/or distributors of power. Inception Date: September 11, 1989 **RISKS:** non-diversified and therefore may be more volatile than the S&P 500 Index.

High Yield Bonds: **Moody's Corporate Baa Bond Index** is derived from pricing data on a regularly replenished population of corporate bonds in the U.S. market, each with current outstandings over \$100 million and maturities as close to 30 years as possible. **RISKS:** interest rate risk (as interest rates rise bond prices usually fall), the risk of issuer default, and inflation risk exist. Inception Date: January 1986 **RISKS:** interest rate risk (as interest rates rise bond prices usually fall), and inflation risk exist.

REITs: **FTSE NAREIT Composite Index** – The FTSE NAREIT Composite Index is a free float adjusted market capitalization weighted index that includes all tax qualified REITs listed in the NYSE, AMEX, and NASDAQ National Market. Inception Date: March 6, 2006 **RISKS:** real estate industry concentration risk (non-diversification), interest rate risk (as interest rates rise bond prices usually fall), the risk of issuer default, and inflation risk exist.

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.