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SECURIAN AM BALANCED STABILIZATION FUND Q3 2021 MARKET COMMENTARY

MARKET SECTOR UPDATE

In our last commentary, we noted the prevailing market action over Q2: tech and growth stock outperformance, small cap equity underperformance, and interest rates declines. Further, we postulated that this action implied a very different market view from the "surging GDP growth, surging employment, and surging inflation" narrative that accompanied the vaccine announcements and economic reopening of late 2020 and early 2021. This interpretation proved to be largely accurate through Q3 of 2021, which saw the US endure another COVID wave, this time driven by the delta variant.

Total Return	Q1 2021	Q2 2021	Q3 2021
S&P	+6.17	+8.55	+0.58
Nasdaq	+1.76	+11.38	+1.09
Russell 2000	+12.69	+4.29	-4.36
Change			
10Y UST	+0.83	-0.27	+0.02
IG Credit Spreads	-0.05	-0.11	+0.04
HY Credit Spreads	-0.5	-0.42	+0.21

Source: Bloomberg

This quarter saw numerous headwinds for equities:

- the delta variant outbreak
- ongoing supply chain constraints across almost all sectors of the economy
- a GDP print that was significantly below expectations (6.7% quarter-over-quarter growth for Q2, 2021 versus 8.4% survey),
- a Federal Reserve that continued to message its intent to tighten monetary policy
- a fractured Federal government that may-or-may-not pass significant infrastructure and social spending programs, which would be funded in part by corporate tax increases
- fears of financial contagion from the Chinese real estate giant Evergrande's potential default.

As such, the equity market faded during the last month of this quarter. The S&P lost -4.65% in September; the Nasdaq and Russell 2000 lost -5.69% and -2.95%, respectively. Interestingly, the 10Y US Treasury rate was up 18 basis points (bps) over the same time period.

Realized volatility was rather low throughout the quarter, driven partially by very low sector-to-sector correlation; the average 3-month sector-sector correlation within the S&P finished the quarter at 45.9%, a 17th percentile value historically. Further, the maximum-minimum sector performance spread for this quarter was the smallest ever. Financials, the best-performing sector, returned 2.29% for the quarter, while Industrials--the quarter's laggard--returned -4.55%, producing a max-min spread of 6.84%. We interpret this low correlation, and minimal performance difference between the "strongest" and "weakest" sectors, as continuing evidence of the high uncertainty amongst investors over which sectors of the economy have the brightest near-term prospects.

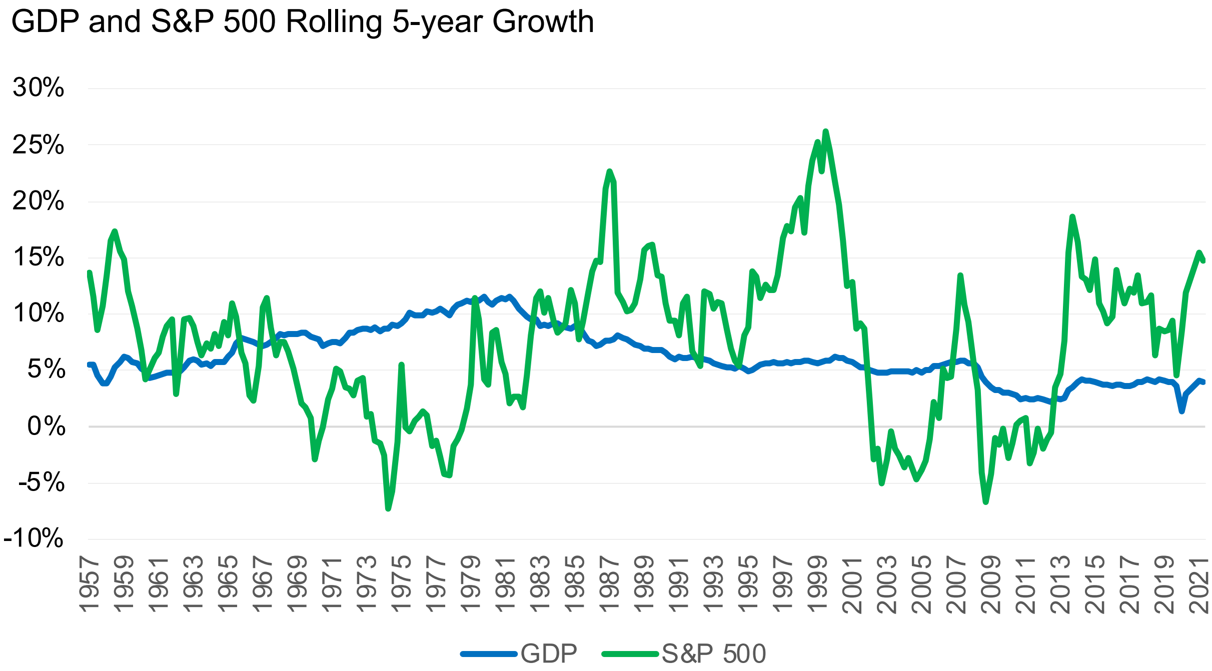
PORTFOLIO STRATEGY

Equity volatility is what guides the asset allocation of this strategy. When equity volatility is low, the equity exposure of this strategy will be high. Conversely, when equity volatility is high, the equity exposure of this strategy will be low.

As mentioned, realized volatility, as measured by standard deviation of daily returns, multiplied by the square root of 252, for the third quarter, 2021 was rather low, at 11.17%. Consequently, the Balanced Stabilization Fund was overweight equity for most of the quarter, averaging 74.08% equity exposure. The maximum equity exposure of the Fund was 77.26%, and the Fund closed out the quarter at 69.66%, its minimum equity exposure for the period.

OUTLOOK

The myriad uncertainties we mentioned in the "Market Sector Update" section will, in all likelihood, persist for the foreseeable future. And, despite the modest pullback over the last month of this period, equity indexes and fundamental valuation metrics remain at, or near, all-time highs. For example, consider the contrast between GDP growth and the return of the S&P 500, both on a rolling five-year basis.



Source: Bloomberg. Data spans from 06/30/1957 through 09/30/2021.

In our view, equity price appreciation has yet again outpaced real economic growth, and to a similarly absurd level as the Dot com bubble or the prelude to the Great Financial Crisis.

Further, the domestic financial market is faced with a Federal Reserve that remains committed to tightening monetary policy. While this tightening begins with a tapering of asset purchases, the natural evolution is to then attempt to raise rates. Given that "low discount rates" in valuation models (e.g. the Dividend Discount Model) have been offered up as one defense of currently lofty equity valuations, we anticipate that an attempt to once again raise rates will ultimately end poorly, and history is a useful guide here.

The Fed last attempted to hike its policy rate over the 2016-2018 time frame. It hiked its policy rate from 0 to 2.25%, over the period 12/15/2015 through 12/19/2018 . Over the same time frame, the 10-year US Treasury rate moved only 50 bps, from 2.30% to 2.80%. By mid-2019 the yield curve was actually deeply inverted, the S&P 500 had seen a -20% pullback (Q4 of 2018), and the Fed was forced to contemplate cutting its policy rate, which it began to do over the back half of 2019. Shortly thereafter, in response to COVID, the Fed cut its policy rate from 1.50% to 0.

Admittedly, the current supply chain issues, elevated demand of stimulus-enriched consumers, and potential wage increases necessitated by the extreme difficulty employers are currently facing in hiring, could all sustain inflation long enough to naturally force rates higher, thereby helping the Fed in its tightening campaign. But we think the most likely outcome is for the Fed to attempt to hike rates and once again be unsuccessful in elevating the long end of the yield curve.

Pivoting to near-term equity volatility and returns, we anticipate that investor uncertainty over which sectors have the most upside could continue, somewhat paradoxically, to produce lower volatility through low sector-sector correlation. This low volatility would most likely belie the true condition of the equity market; as we highlighted, we are skeptical of current valuations, and see more downside risk than upside promise.

Ordinarily, this strategy carries high equity exposure in low volatility periods, and low equity exposure in high volatility periods. In terms of linear exposure, this approach will continue. But in times like the ones we currently find ourselves in, we will endeavor to have additional downside risk management positions in place.

PERFORMANCE AS OF 9/30/2021

	Q3 2021	YTD	1 Year	3 Years	5 Year	Ann ITD*	*Inception
Institutional Class	0.12%	7.59%	14.17%	9.90%	11.27%	10.95%	9/28/2015
Balanced Stabilization Custom Benchmark	0.40%	8.71%	16.92%	12.08%	11.42%	11.64%	
S&P 500 Index	0.58%	15.92%	30.00%	15.99%	16.90%	17.03%	

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Fund performance current to the most recent month-end may be lower or higher than the performance quoted and can be obtained by calling 800-207-7108. *Returns showing less than one year are cumulative. The gross and net operating expense ratio for the Institutional Shares are 1.07% and 1.01% respectively. The Fund's advisor has contractually agreed to waive its fee and/or pay operating expenses so that total annual fund operating expenses do not exceed 0.95%. The contractual agreement is in effect until December 31, 2023. Net expenses are applicable to the investor. Because of ongoing market volatility, Fund performance may be subject to substantial short-term changes.*

Before investing you should carefully consider the Securian AM Balanced Stabilization Income Fund's investment objectives, risks, charges and expenses. This and other information 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 Fund is subject to risk, including the possible loss of principal amount invested and including, but not limited to, the following risks: **Market Turbulence Resulting from COVID-19:** The outbreak of COVID-19 has negatively affected the worldwide economy, individual countries, individual companies and the market in general. The future impact of COVID-19 is currently unknown, and it may exacerbate other risks that apply to the Fund. **Managed Volatility Strategy Risk:** The securities used in the strategy are subject to price volatility, and the strategy may not result in less volatile returns for the Fund relative to the market as a whole, and they could be more volatile. **ETF Risk:** The market price of an ETF fluctuates based on changes in the ETF's net asset value as well as changes in the supply and demand of its shares in the secondary market. It is also possible that an active secondary market of an ETF's shares may not develop and market trading in the shares of the ETF may be halted under certain circumstances. Fixed Income Securities Risks: Investments in debt securities typically decrease in value when interest rates rise. The risk is usually greater for longer-term debt securities. **ETN Risk:** ETNs are unsecured debt obligations and are subject to the credit risk of their issuers, and will lose value if the issuer goes bankrupt. ETN returns are linked to the performance of designated indices which fluctuate due to market changes as well as economic, legal, political and geographic events. The market price of ETNs fluctuates as their returns fluctuate and as the level of supply and demand for the ETNs change. Short Sales Risk: In connection with establishing a short position in an instrument, the Fund is subject to the risk that they may not always be able to borrow the instrument, or to close out a short position at a particular time or at an acceptable price. **Rule 144A Securities Risk:** The Fund may invest in illiquid securities which involve the risk that the securities will not be able to be sold at the time or prices desired by the Fund, particularly during times of market turmoil. The Fund may not be suitable for all investors. We encourage you to consult with appropriate tax and financial professionals before considering an investment in the Fund.

Basis Point: One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001. Correlation: A statistic that measures the degree to which two variables move in relation to each other. **Spread:** The difference between two prices, rates, or yields.

The Balanced Stabilization Custom Benchmark consists of 60% S&P 500 Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index. **The S&P 500® Index** consists of 500 large cap common stocks which together represents approximately 80% of the total U.S. stock market. It is a float-adjusted market-weighted index (stock price times float-adjusted shares outstanding), with each stock affecting the index proportion to its market value. **The Bloomberg Barclays U.S. Aggregate Bond Index** is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency). **The S&P 500 Energy Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® energy sector. **The S&P 500® Information Technology Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® information technology sector. **The S&P 500 Value Index** measures value stocks using three factors: the ratios of book value, earnings, and sales to price. **The S&P 500 Growth Index** measures growth stocks using three factors: sales growth, the ratio of earnings change to price, and momentum. **The CBOE Volatility Index (VIX)** is a real-time index that represents the market's expectations for the relative strength of near-term price changes of the S&P 500 index**. One cannot invest directly in an index.**

Correlation: is a statistic that measures the degree to which two securities move in relation to each other. **Standard Deviation:** indicates the volatility of a fund's total return and is useful because it identifies the spread of a fund's short-term fluctuations. In general, the higher the standard deviation, the greater the volatility of the return.

The views in this material were those of the Fund's Sub-advisor as of the date written and may not reflect its views on the date this material is first disseminated or any time thereafter. These views are intended to assist shareholders in understanding the Fund's investment methodology and do not constitute investment advice. Liberty Street Advisors, Inc. is the Advisor to the Fund. The Fund is part of the Liberty Street family of funds within Investment Managers Series Trust.

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