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**IMS Capital Value Fund  
IMS Strategic Income Fund  
IMS Dividend Growth Fund**

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**Semi-Annual Report  
December 31, 2018**

**Fund Advisor:**

*IMS Capital Management, Inc.  
8995 S.E. Otty Road  
Portland, OR 97086  
Toll Free (800) 934-5550*

**IMPORTANT NOTE:** Beginning on January 1, 2021, as permitted by regulations adopted by the SEC, paper copies of the IMS Family of Funds' shareholder reports will no longer be sent by mail unless you specifically request paper copies of the reports from an IMS Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report. If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive all future reports in paper free of charge. You can inform an IMS Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by calling or sending an e-mail request. Your election to receive reports in paper will apply to all funds held with the IMS Family of Funds complex/your financial intermediary.

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**INVESTMENT RESULTS – (Unaudited)**

	Average Annual Total Returns (for periods ended December 31, 2018)		
	One Year	Five Year	Ten Year
IMS Capital Value Fund*	(11.80)%	2.04%	7.13%
S&P 500® Index**	(4.38)%	8.49%	13.11%

Total annual operating expenses, as disclosed in the Fund’s current prospectus dated October 29, 2018, were 1.74% of average daily net assets. IMS Capital Management, Inc. (the “Advisor” or “IMS”) contractually agreed to waive its management fee and/or reimburse expenses so that total annual fund operating expenses (excluding interest, taxes, brokerage fees and commissions, other expenditures that are capitalized in accordance with generally accepted accounting principles, acquired fund fees and expenses, other extraordinary expenses not incurred in the ordinary course of the Value Fund’s business, interest and dividend expense on securities sold short, and amounts, if any payable pursuant to a plan adopted in accordance with Rule 12b-1 under the Investment Company Act of 1940, as amended (the “1940 Act”)) do not exceed 1.95% of the Value Fund’s average daily net assets through October 31, 2019, subject to the Advisor’s right to recoup payments on a rolling three-year basis so long as the payment would not exceed the 1.95% expense cap. This expense cap agreement may be terminated by either party upon 60 days’ written notice prior to the end of the then-current term of the agreement.

***The performance quoted represents past performance, which 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. The returns shown do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Current performance of the Fund may be lower or higher than the performance quoted. The Fund’s investment objectives, risks, charges and expenses must be considered carefully before investing. Performance data current to the most recent month end may be obtained by calling Shareholder Services at 1-800-934-5550.***

\* Return figures reflect any change in price per share and assume the reinvestment of all distributions.

\*\* The S&P 500® Index is a widely recognized unmanaged index of equity prices and is representative of a broader market and range of securities than is found in the Fund’s portfolio. Individuals cannot invest directly in the Index; however, an individual can invest in exchange-traded funds or other investment vehicles that attempt to track the performance of a benchmark index. The annual total returns included for the above Fund are net of the total annual operating expenses for the Fund, while no annual operating expenses are deducted for S&P 500® Index.

**INVESTMENT RESULTS – (Unaudited)**

	Average Annual Total Returns (for periods ended December 31, 2018)		
	One Year	Five Year	Ten Year
IMS Strategic Income Fund*	(9.31)%	(10.47)%	0.30%
Bloomberg Barclays U.S. Aggregate Bond Index**	0.01%	2.52%	3.48%

Total annual operating expenses, as disclosed in the Fund's current prospectus dated October 29, 2018, were 3.36% of average daily net assets (2.02% after fee waivers/expense reimbursements by the Advisor). The Advisor contractually agreed to waive its management fee and/or reimburse expenses so that total annual fund operating expenses (excluding interest, taxes, brokerage fees and commissions, other expenditures that are capitalized in accordance with generally accepted accounting principles, acquired fund fees and expenses, other extraordinary expenses not incurred in the ordinary course of the Income Fund's business, interest and dividend expense on securities sold short, and amounts, if any payable pursuant to a plan adopted in accordance with Rule 12b-1 under the 1940 Act) do not exceed 1.95% of the Income Fund's average daily net assets through October 31, 2019, subject to the Advisor's right to recoup payments on a rolling three-year basis so long as the payment would not exceed the 1.95% expense cap. This expense cap agreement may be terminated by either party upon 60 days' written notice prior to the end of the then-current term of the agreement.

***The performance quoted represents past performance, which 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. The returns shown do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Current performance of the Fund may be lower or higher than the performance quoted. The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. Performance data current to the most recent month end may be obtained by calling Shareholder Services at 1-800-934-5550.***

\* Return figures reflect any change in price per share and assume the reinvestment of all distributions.

\*\* The Bloomberg Barclays U.S. Aggregate Bond Index is a widely-used indicator of the bond market. The index is market capitalization-weighted and is made up of U.S. bonds that are primarily investment grade, which has a greater number of securities than is found in the Fund's portfolio. Individuals cannot invest directly in the Index; however, an individual can invest in exchange-traded funds or other investment vehicles that attempt to track the performance of a benchmark index. The annual total returns included for the above Fund are net of the total annual operating expenses for the Fund, while no annual operating expenses are deducted for the Bloomberg Barclays U.S. Aggregate Bond Index.

**INVESTMENT RESULTS – (Unaudited)**

	Average Annual Total Returns (for periods ended December 31, 2018)		
	One Year	Five Year	Ten Year
IMS Dividend Growth Fund*	(10.68)%	4.44%	8.80%
S&P 500® Index**	(4.38)%	8.49%	13.11%

Total annual operating expenses, as disclosed in the Fund’s current prospectus dated October 29, 2018, were 2.13% of average daily net assets (1.96% after fee waivers/expense reimbursements by the Advisor). The Advisor contractually agreed to waive its management fee and/or reimburse expenses so that total annual fund operating expenses (excluding interest, taxes, brokerage fees and commissions, other expenditures that are capitalized in accordance with generally accepted accounting principles, acquired fund fees and expenses, other extraordinary expenses not incurred in the ordinary course of the Growth Fund’s business, interest and dividend expense on securities sold short, and amounts, if any payable pursuant to a plan adopted in accordance with Rule 12b-1 under the 1940 Act) do not exceed 1.95% of the Growth Fund’s average daily net assets through October 31, 2019, subject to the Advisor’s right to recoup payments on a rolling three-year basis so long as the payment would not exceed the 1.95% expense cap. This expense cap agreement may be terminated by either party upon 60 days’ written notice prior to the end of the then-current term of the agreement.

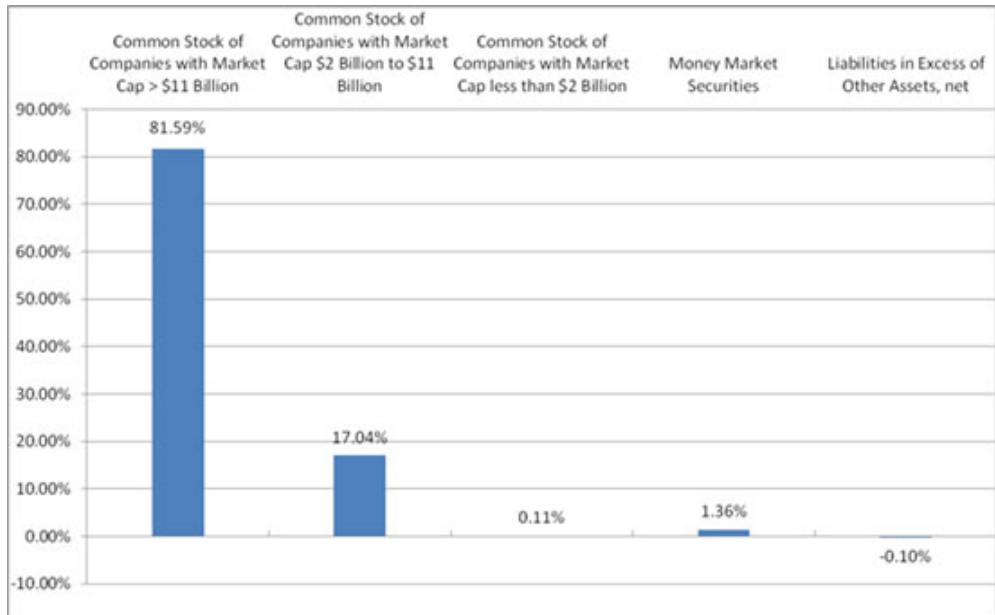
***The performance quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Current performance of the Fund may be lower or higher than the performance quoted. The Fund’s investment objectives, risks, charges and expenses must be considered carefully before investing. Performance data current to the most recent month end may be obtained by calling Shareholder Services at 1-800-934-5550.***

\* Return figures reflect any change in price per share and assume the reinvestment of all distributions.

\*\* The S&P 500® Index is a widely recognized unmanaged index of equity prices and has a greater number of securities than is found in the Fund’s portfolio. Individuals cannot invest directly in the Index; however, an individual can invest in exchange-traded funds or other investment vehicles that attempt to track the performance of a benchmark index. The annual total returns included for the above Fund are net of the total operating expenses for the Fund, while no annual operating expenses are deducted for the S&P 500® Index.

**FUND HOLDINGS** – (Unaudited)

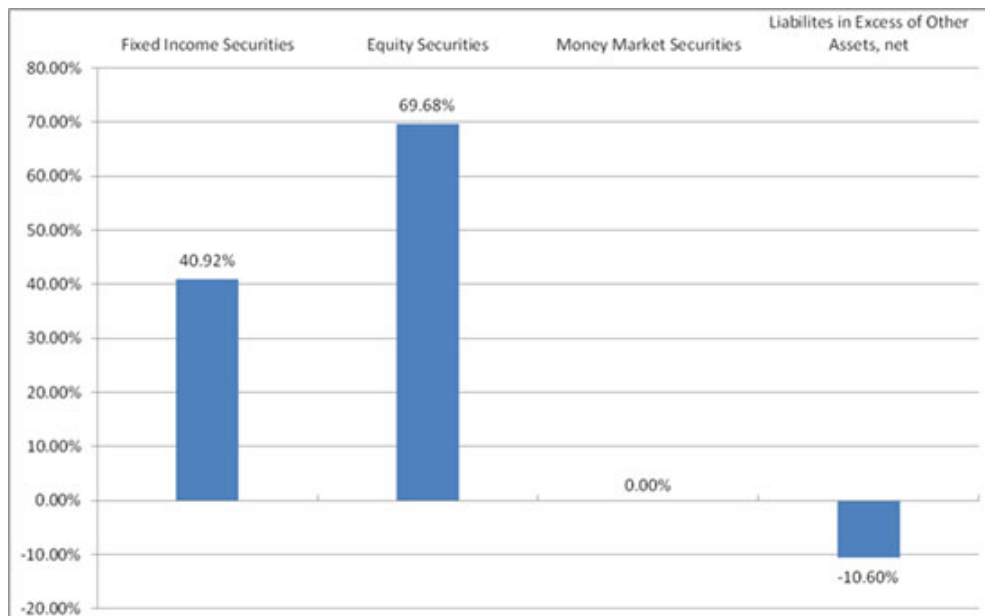
**IMS Capital Value Fund Holdings as of December 31, 2018<sup>1</sup>**



<sup>1</sup>As a percent of net assets.

The investment objective of the IMS Capital Value Fund is long-term growth from capital appreciation and, secondarily, income from dividends. The IMS Capital Value Fund typically invests in mid-cap securities, which the Advisor defines as those with a market capitalization of approximately \$2 billion to \$11 billion, and in large-cap securities, which the Advisor defines as those with a market capitalization of greater than \$11 billion.

**IMS Strategic Income Fund Holdings as of December 31, 2018<sup>1</sup>**

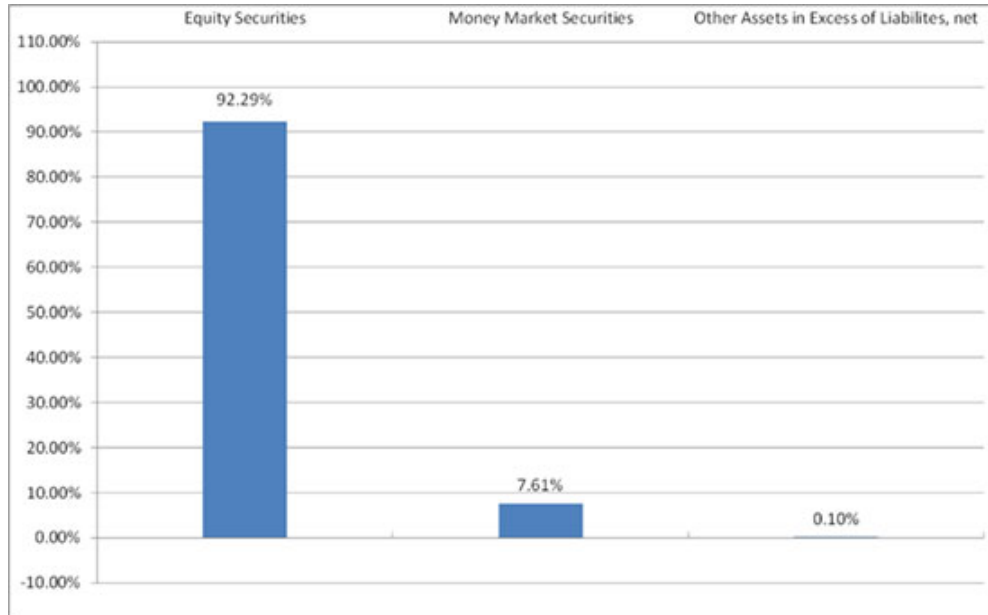


<sup>1</sup>As a percent of net assets.

The investment objective of the IMS Strategic Income Fund is current income, and a secondary objective of capital appreciation. In pursuing its investment objectives, the Strategic Income Fund generally invests in corporate bonds, government bonds, dividend-paying common stocks, preferred and convertible preferred stocks, income trusts (including business trusts, oil royalty trusts and real estate investment trusts), money market instruments and cash equivalents. The Strategic Income Fund may also invest in structured products, such as reverse convertible notes, a type of structured note, and in 144A securities that are purchased in private placements and thus are subject to restrictions on resale (either as a matter of contract or under federal securities laws), but only where the Advisor has determined that a liquid trading market exists. Under normal circumstances, the Strategic Income Fund will invest at least 80% of its assets in dividend paying or other income producing securities.

**FUND HOLDINGS** – (Unaudited) (continued)

**IMS Dividend Growth Fund Holdings as of December 31, 2018<sup>1</sup>**



<sup>1</sup> As a percent of net assets.

The investment objective of the IMS Dividend Growth Fund is long-term growth from capital appreciation and dividends. The Dividend Growth Fund invests primarily in a diversified portfolio of dividend-paying common stocks. The Dividend Growth Fund’s Advisor, IMS Capital Management, Inc., employs a combination of fundamental, technical and macro market research to identify companies that the Advisor believes have the ability to maintain or increase their dividend payments, because of their significant cash flow production.

**Availability of Portfolio Schedules** – (Unaudited)

The Funds file their complete schedules of portfolio holdings with the Securities and Exchange Commission (“SEC”) for the first and third quarters of each fiscal year on Form N-Q. The Funds’ Forms N-Q are available at the SEC’s website at [www.sec.gov](http://www.sec.gov). The Funds’ Forms N-Q may be reviewed and copied at the Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

**Summary of Funds' Expenses – (Unaudited)**

As a shareholder of the Funds, you incur two types of costs: (1) transaction costs, such as short-term redemption fees; and (2) ongoing costs, including management fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (July 1, 2018 through December 31, 2018).

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, 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 = 8.60), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Funds' actual expense ratios and an assumed rate of return of 5% per year before expenses, which are not the Funds' actual returns. 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 Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant only to highlight your ongoing costs and do not reflect any transactional costs, such as short-term redemption fees. Therefore, the second line is only useful in comparing ongoing costs only and will not help you determine the relative costs of owning different funds. In addition, if these transactions costs were included, your costs would have been higher.

IMS Funds	Beginning Account Value July 1, 2018	Ending Account Value December 31, 2018	Expenses Paid During the Period* July 1, 2018 – December 31, 2018
<b>Capital Value Fund</b>			
Actual (-11.65%)	\$1,000.00	\$ 883.47	\$ 8.64
Hypothetical**	\$1,000.00	\$1,016.00	\$ 9.25
<b>Strategic Income Fund</b>			
Actual (-1.31)%	\$1,000.00	\$ 986.90	\$ 9.77
Hypothetical**	\$1,000.00	\$1,015.40	\$ 9.91
<b>Dividend Growth Fund</b>			
Actual (-7.94%)	\$1,000.00	\$ 920.60	\$ 9.44
Hypothetical**	\$1,000.00	\$1,015.40	\$ 9.91

\* Expenses are equal to the Funds' annualized expense ratios, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period). The annualized expense ratios for the Capital Value Fund, Strategic Income Fund, and the Dividend Growth Fund were 1.82%, 1.95%, and 1.95%, respectively.

\*\* Assumes a 5% annual return before expenses.



*IMS CAPITAL VALUE FUND*  
*SCHEDULE OF INVESTMENTS*  
**December 31, 2018 (Unaudited)**

<b>COMMON STOCK - 98.74%</b>	<u>Shares</u>	<u>Value</u>
<b>Communication Services - 14.67%</b>		
Alphabet, Inc. - Class C <sup>(a)</sup>	947	\$ 980,723
Electronic Arts, Inc. <sup>(a)</sup>	6,800	536,588
Facebook, Inc. - Class A <sup>(a)</sup>	5,500	720,995
Netflix, Inc. <sup>(a)</sup>	3,500	936,810
Verizon Communications, Inc.	13,400	753,348
		<u>3,928,464</u>
<b>Consumer Discretionary - 22.16%</b>		
Amazon.com, Inc. <sup>(a)</sup>	688	1,033,355
Dollar Tree, Inc. <sup>(a)</sup>	10,500	948,360
Domino's Pizza, Inc.	3,430	850,606
Home Depot, Inc.	4,478	769,410
Service Corp. International/US	18,250	734,745
Starbucks Corp.	12,124	780,786
Yum! Brands, Inc.	8,911	819,099
		<u>5,936,361</u>
<b>Consumer Staples - 2.75%</b>		
Walmart, Inc.	7,900	735,885
<b>Energy - 5.32%</b>		
Apache Corp.	28,700	753,375
Helmerich & Payne, Inc.	14,000	671,160
		<u>1,424,535</u>
<b>Financials - 13.36%</b>		
Bank of America Corp.	31,500	776,160
Capital One Financial Corp.	9,600	725,664
Goldman Sachs Group, Inc.	3,500	584,675
New York Community Bancorp, Inc.	78,900	742,449
Wells Fargo & Co.	16,300	751,104
		<u>3,580,052</u>
<b>Health Care - 14.18%</b>		
Bristol-Myers Squibb Co.	13,314	692,062
Celgene Corp. <sup>(a)</sup>	6,100	390,949
Edwards Lifesciences Corp. <sup>(a)</sup>	4,250	650,972
Gilead Sciences, Inc.	9,900	619,245
IDEXX Laboratories, Inc. <sup>(a)</sup>	4,000	744,080
InVivo Therapeutics Holdings Corp. <sup>(a)</sup>	20,009	30,214
Zoetis, Inc.	7,830	669,778
		<u>3,797,300</u>

*IMS CAPITAL VALUE FUND*  
*SCHEDULE OF INVESTMENTS*  
**December 31, 2018 (Unaudited)**

<b>COMMON STOCK - 98.82% (continued)</b>	<b>Shares</b>	<b>Value</b>
<b>Industrials - 7.67%</b>		
General Electric Co.	84,500	639,665
Kansas City Southern	8,500	811,325
Stanley Black & Decker, Inc.	5,040	603,490
		<u>2,054,480</u>
<b>Information Technology - 15.30%</b>		
Advanced Micro Devices, Inc. <sup>(a)</sup>	25,000	461,500
Apple, Inc.	4,070	642,002
NVIDIA Corp.	5,300	707,550
PayPal Holdings, Inc. <sup>(a)</sup>	7,121	598,805
QUALCOMM, Inc.	14,300	813,813
Symantec Corp.	26,000	491,270
Western Digital Corp.	10,350	382,639
		<u>4,097,579</u>
<b>Utilities - 3.33%</b>		
Vistra Energy Corp. <sup>(a)</sup>	38,950	891,565
<b>TOTAL COMMON STOCK (Cost \$26,427,521)</b>		<u>26,446,221</u>
<b>MONEY MARKET SECURITIES - 1.36%</b>		
Federated Government Obligations Fund - Institutional Shares, 2.26% <sup>(b)</sup>	364,071	364,071
<b>TOTAL MONEY MARKET SECURITIES (Cost \$364,071)</b>		<u>364,071</u>
<b>TOTAL INVESTMENTS (Cost \$26,791,592) - 100.10%</b>		<u>\$ 26,810,292</u>
<b>LIABILITIES IN EXCESS OF OTHER ASSETS, NET - (0.10%)</b>		<u>(25,683)</u>
<b>NET ASSETS - 100.00%</b>		<u><u>\$ 26,784,609</u></u>

Percentages are stated as a percent of net assets.

<sup>(a)</sup> Non-income producing security.

<sup>(b)</sup> Rate shown represents the 7-day yield at December 31, 2018, is subject to change and resets daily.

See accompanying notes which are an integral part of these financial statements.

*IMS STRATEGIC INCOME FUND*  
*SCHEDULE OF INVESTMENTS*  
**December 31, 2018 (Unaudited)**

<b>COMMON STOCK - 69.68%</b>	<u>Shares</u>	<u>Value</u>
<b>Consumer Discretionary - 3.55%</b>		
Leggett & Platt, Inc.	3,000	\$ 107,520
<b>Consumer Staples - 13.66%</b>		
Altria Group, Inc.	2,100	103,719
General Mills, Inc.	2,900	112,926
Keurig Dr Pepper, Inc.	4,300	110,252
Philip Morris International, Inc.	1,300	86,788
		<u>413,685</u>
<b>Energy - 1.22%</b>		
Occidental Petroleum Corp.	600	36,828
<b>Financials - 20.05%</b>		
Cincinnati Financial Corp.	1,400	108,388
T Rowe Price Group, Inc.	2,300	212,336
Umpqua Holdings Corp.	5,900	93,810
US Bancorp	2,100	95,970
Valley National Bancorp	10,900	96,792
		<u>607,296</u>
<b>Health Care - 10.66%</b>		
Cardinal Health, Inc.	2,100	93,660
Merck & Co., Inc.	3,000	229,230
		<u>322,890</u>
<b>Industrials - 3.57%</b>		
Republic Services, Inc.	1,500	108,135
<b>Information Technology - 10.24%</b>		
Automatic Data Processing, Inc.	770	100,962
Western Digital Corp.	2,800	103,516
Western Union Co./The	6,200	105,772
		<u>310,250</u>
<b>Materials - 3.25%</b>		
Nucor Corp.	1,900	98,439
<b>Utilities - 3.48%</b>		
Portland General Electric Co.	2,300	105,455
<b>TOTAL COMMON STOCK (Cost \$2,304,609)</b>		<u>2,110,498</u>
	<u>Principal</u>	<u>Value</u>
<b>CORPORATE BONDS - 6.91%</b>		
Under Armour, Inc., 3.250%, due 06/15/2026 <sup>(a)</sup>	\$ 250,000	209,446
<b>TOTAL CORPORATE BONDS (Cost \$221,892)</b>		<u>209,446</u>
<b>FOREIGN BONDS DENOMINATED IN US DOLLARS - 2.36%</b>		
Cash Store Financial Services, Inc., 11.500%, 01/31/2017 - Canada <sup>(a) (c) (d) (e) (f)</sup>	1,289,000	71,475
<b>TOTAL FOREIGN BONDS DENOMINATED IN US DOLLARS (Cost \$1,120,977)</b>		<u>71,475</u>

*IMS STRATEGIC INCOME FUND*  
*SCHEDULE OF INVESTMENTS*  
**December 31, 2018 (Unaudited)**

<b>STRUCTURED NOTES - 31.65%</b>	<u>Principal Amount</u>	<u>Value</u>
Morgan Stanley Fixed to Floating Rate Leveraged CMS and Index Linked Note, 0.870%, 08/30/2028 <sup>(b)</sup> <sup>(g)</sup>	\$ 350,000	\$ 211,312
Natixis US Medium-Term Note Program LLC Callable Fixed to Floating Capped Range Accrual Note, 0.765%, 10/31/2034 <sup>(b)(h)</sup>	500,000	290,000
SG Structured Products, Inc. Callable Fixed to Variable Barrier Range Dual Index Linked Note, 0.908%, 11/27/2028 <sup>(b)(i)</sup>	600,000	457,260
<b>TOTAL STRUCTURED NOTES (Cost \$1,426,190)</b>		<u>958,572</u>
<b>TOTAL INVESTMENTS (Cost \$5,073,668) - 110.60%</b>		<u>\$ 3,349,991</u>
<b>LIABILITIES IN EXCESS OF OTHER ASSETS, NET - (10.60)%</b>		<u>(320,953)</u>
<b>NET ASSETS - 100.00%</b>		<u><u>\$ 3,029,038</u></u>

Percentages are stated as a percent of net assets.

<sup>(a)</sup> This security is currently valued by the Advisor using fair valuation procedures approved by the Board of Trustees under the oversight of the Fair Valuation Committee.

<sup>(b)</sup> Variable rate security. Rate shown represents the rate in effect at December 31, 2018.

<sup>(c)</sup> Security exempted from registration under Rule 144A of the Securities Act of 1933. The security may be resold in transactions exempt from registration, normally to qualified institutional investors.

<sup>(d)</sup> Non-income producing security.

<sup>(e)</sup> Security is illiquid at December 31, 2018, at which time the aggregate value of illiquid securities is \$71,475 or 2.36% of net assets.

<sup>(f)</sup> Issue is in default.

<sup>(g)</sup> The variable rate is equal to 5 times the difference, if any, between the 30-Year Constant Maturity Swap Rate ("30CMS") and the 2-year Constant Maturity Swap Rate ("2CMS") as determined on the CMS reference determination date at the start of the quarterly interest payment period; subject to a maximum interest rate of 12.00% per annum for each interest payment period during the floating rate interest period and the minimum interest rate of 0.00% per annum.

<sup>(h)</sup> The variable rate is determined by multiplying (a) the product of the Multiplier and the applicable CMS30/CMS2 Spread determined as of the reference date at the start of the interest period, and subject to the minimum interest rate of 0.00% and the maximum interest rate of 10.00%, by (b) a fraction equal to the number of calendar days in such interest period with respect to which the closing level of the S&P 500® Index is greater than or equal to 60% of its closing level on trade date divided by the number of calendar days in such interest period.

<sup>(i)</sup> The variable rate for each coupon period will be the product of (a) the 30 Year CMS Rate on the related CMS Determination Date minus the 2CMS Rate on the related CMS Determination Date, the CMS Reference Spread, and (b) the Multiplier, subject to the Maximum Coupon Rate of 10.75% and the Minimum Coupon Rate of 0.00%.

*See accompanying notes which are an integral part of these financial statements.*

*IMS DIVIDEND GROWTH FUND*  
*SCHEDULE OF INVESTMENTS*  
**December 31, 2018 (Unaudited)**

<b>COMMON STOCK - 92.29%</b>	<b>Shares</b>	<b>Value</b>
<b>Communication Services- 1.05%</b>		
Alphabet, Inc. - Class C <sup>(a)</sup>	100	\$ 103,561
<b>Consumer Discretionary - 9.57%</b>		
General Motors Co. - Class C	4,000	133,800
NVR, Inc. <sup>(a)</sup>	42	102,354
TJX Cos, Inc.	10,400	465,296
Whirlpool Corp.	2,300	245,801
		<u>947,251</u>
<b>Consumer Staples - 7.63%</b>		
Altria Group, Inc.	6,860	338,815
Kraft Heinz, Co.	3,000	129,120
Philip Morris International, Inc.	4,296	286,801
		<u>754,736</u>
<b>Financials - 22.62%</b>		
Axis Capital Holdings Ltd.	3,000	154,920
Bank of America Corp.	14,344	353,436
BlackRock, Inc.	1,247	489,847
CME Group, Inc.	2,500	470,300
M&T Bank Corp.	1,300	186,069
S&P Global, Inc.	3,100	526,814
State Street Corp.	900	56,763
		<u>2,238,149</u>
<b>Health Care - 17.24%</b>		
Abbott Laboratories	6,500	470,145
AbbVie, Inc.	5,600	516,264
Cardinal Health, Inc.	6,284	280,266
Johnson & Johnson	3,400	438,770
		<u>1,705,445</u>
<b>Industrials - 9.97%</b>		
Copa Holdings SA - Class A - Panama	1,000	78,710
Lockheed Martin Corp.	1,598	418,420
Parker-Hannifin Corp.	1,000	149,140
Southwest Airlines Co.	7,330	340,699
		<u>986,969</u>
<b>Information Technology - 21.22%</b>		
Apple, Inc.	2,800	441,672
CDK Global, Inc.	5,000	239,400
Microsoft Corp.	4,500	457,065
Oracle Corp.	3,869	174,685
PayPal Holdings, Inc. <sup>(a)</sup>	2,600	218,634
QUALCOMM, Inc.	5,000	284,550
Sabre Corp.	7,000	151,480
Visa, Inc. - Class A	1,000	131,940
		<u>2,099,426</u>

*IMS DIVIDEND GROWTH FUND*  
*SCHEDULE OF INVESTMENTS*  
**December 31, 2018 (Unaudited)**

<b>COMMON STOCK - 92.29% (continued)</b>	<b>Shares</b>	<b>Value</b>
<b>Real Estate - 2.75%</b>		
Outfront Media, Inc.	15,000	\$ 271,800
<b>Utilities - 0.24%</b>		
PG&E Corp.	1,000	23,750
<b>TOTAL COMMON STOCK (Cost \$9,123,667)</b>		<b>9,131,087</b>
<b>MONEY MARKET SECURITIES - 7.61%</b>		
Federated Government Obligations Fund - Institutional Shares, 2.26% <sup>(b)</sup>	753,265	753,265
<b>TOTAL MONEY MARKET SECURITIES (Cost \$753,265)</b>		<b>753,265</b>
<b>TOTAL INVESTMENTS (Cost \$9,876,932) - 99.90%</b>		<b>\$ 9,884,352</b>
<b>OTHER ASSETS IN EXCESS OF LIABILITIES, NET - 0.10%</b>		<b>10,226</b>
<b>NET ASSETS - 100.00%</b>		<b>\$ 9,894,578</b>

Percentages are stated as a percent of net assets.

<sup>(a)</sup> Non-income producing security.

<sup>(b)</sup> Rate shown represents the 7-day yield at December 31, 2018, is subject to change and resets daily.

*See accompanying notes which are an integral part of these financial statements.*

IMS FAMILY OF FUNDS  
STATEMENTS OF ASSETS AND LIABILITIES  
December 31, 2018 (Unaudited)

	IMS Capital Value Fund	IMS Strategic Income Fund	IMS Dividend Growth Fund
<b>Assets:</b>			
Investments in securities:			
At cost	\$ 26,791,592	\$ 5,073,668	\$ 9,876,932
At fair value	\$ 26,810,292	\$ 3,349,991	\$ 9,884,352
Due from advisor	—	6,173	—
Receivables:			
Interest	576	6,138	163
Dividends	22,861	19,397	23,649
Fund shares sold	50	2,450	—
Prepaid expenses	9,018	8,373	7,777
<b>Total assets</b>	<b>26,842,797</b>	<b>3,392,522</b>	<b>9,915,941</b>
<b>Liabilities:</b>			
Payables:			
Line of credit borrowings	—	340,319	—
Fund shares redeemed	8,312	—	—
Due to advisor	28,558	—	3,694
Due to administrator, fund accountant and transfer agent	8,958	3,713	6,618
Accrued expenses	12,360	19,452	11,051
<b>Total liabilities</b>	<b>58,188</b>	<b>363,484</b>	<b>21,363</b>
<b>Net Assets</b>	<b>\$ 26,784,609</b>	<b>\$ 3,029,038</b>	<b>\$ 9,894,578</b>
<b>Net Assets consist of:</b>			
Paid-in capital	\$ 26,406,627	\$ 29,943,006	\$ 9,445,138
Total distributable earnings	377,982	(26,913,968)	449,440
<b>Total Net Assets</b>	<b>\$ 26,784,609</b>	<b>\$ 3,029,038</b>	<b>\$ 9,894,578</b>
Shares outstanding (unlimited number of shares authorized, no par value)	1,381,966	1,287,766	689,523
Net asset value and offering price per share	\$ 19.38	\$ 2.35	\$ 14.35
Minimum redemption price per share <sup>(a)</sup>	\$ 19.28	\$ 2.34	\$ 14.28

<sup>(a)</sup> A redemption fee of 0.50% will be assessed on shares of the Fund that are redeemed within 90 days of purchase.

See accompanying notes which are an integral part of these financial statements.

IMS FAMILY OF FUNDS  
STATEMENTS OF OPERATIONS  
For the Six Month Period Ended December 31, 2018 (Unaudited)

	IMS Capital Value Fund	IMS Strategic Income Fund	IMS Dividend Growth Fund
<b>Investment income:</b>			
Dividends (net of foreign withholding taxes of \$0, \$425 and \$0, respectively)	\$ 288,090	\$ 128,603	\$ 144,589
Interest	2,273	19,735	404
<b>Total investment income</b>	<u>290,363</u>	<u>148,338</u>	<u>144,993</u>
<b>Expenses:</b>			
Investment Advisor fees <sup>(a)</sup>	198,343	24,178	69,346
Accounting, administration and transfer agent fees and expenses <sup>(a)</sup>	54,781	19,785	28,605
Registration expenses	5,825	2,966	2,736
Trustee expenses	8,275	8,275	8,275
Audit expenses	6,050	10,446	6,050
Miscellaneous expenses	4,773	4,773	4,770
Custodian expenses	5,016	6,049	2,932
Legal expenses	4,850	4,850	4,850
Shareholder networking fees	5,546	2,773	1,008
Interest expenses	106	36	51
Pricing expenses	2,521	3,543	2,447
Insurance expenses	1,126	201	372
Printing expenses	356	356	800
<b>Total expenses</b>	<u>297,568</u>	<u>88,231</u>	<u>132,242</u>
Less: Fees waived and expenses absorbed by Advisor <sup>(a)</sup>	—	(50,812)	(24,927)
<b>Net expenses</b>	<u>297,568</u>	<u>37,419</u>	<u>107,315</u>
<b>Net Investment Income (Loss)</b>	<u>(7,205)</u>	<u>110,919</u>	<u>37,678</u>
<b>Realized and unrealized gain (loss) on investment securities and foreign currency:</b>			
Net realized gain (loss) on investment securities and foreign currency	544,784	(798,914)	437,310
Change in unrealized appreciation (depreciation) on investment securities and foreign currency	(4,125,275)	648,100	(1,277,124)
Net realized and unrealized loss on investment securities and foreign currency	<u>(3,580,491)</u>	<u>(150,814)</u>	<u>(839,814)</u>
<b>Net Decrease in Net Assets Resulting from Operations</b>	<u>\$ (3,587,696)</u>	<u>\$ (39,895)</u>	<u>\$ (802,136)</u>

<sup>(a)</sup> See Note 4 in the Notes to Financial Statements.

See accompanying notes which are an integral part of these financial statements.



IMS STRATEGIC INCOME FUND  
STATEMENTS OF CASH FLOWS

For the Six Month Period Ended December 31, 2018 (Unaudited)

**Increase (decrease) in cash:**

Cash flows from operating activities:

Net decrease in net assets from operations	\$ (39,895)
Adjustments to reconcile net decrease in net assets from operations to net cash provided from operating activities:	
Return of capital dividends received	—
Accretion of discount/Amortization of premium, net	(3,917)
Purchase of investment securities	(13,327,362)
Proceeds from disposition of investment securities	13,550,631
Purchases of short-term investment securities, net	243,841
Increase in due from advisor	(6,173)
Decrease in dividends and interest receivable	271
Increase in prepaid expenses	(5,111)
Decrease in accrued expenses	(10,611)
Net unrealized appreciation on investment securities and foreign currency	(648,100)
Net realized loss on investment securities	798,914
Net cash provided from operating activities	<u>552,488</u>

**Cash flows from financing activities:**

Proceeds from loan	1,145,827
Payments on loan	(805,508)
Proceeds from Fund shares sold	3,163
Payment on Fund shares redeemed	(888,273)
Cash distributions paid	(7,697)
Net cash used in financing activities	<u>(552,488)</u>

Net increase in cash	\$ —
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**Cash:**

Beginning of period	\$ —
End of period	<u><u>\$ —</u></u>

**Supplemental disclosure of cash flow information:**

Noncash financing activities not included herein consist of reinvestment of distributions of \$99,964, an increase in receivable for Fund shares sold of \$2,450 and a decrease in payable for Fund shares redeemed of \$31,783.

Interest paid by the Fund for outstanding balances on the line of credit amounted to \$36.

See accompanying notes which are an integral part of these financial statements.

IMS CAPITAL VALUE FUND  
STATEMENTS OF CHANGES IN NET ASSETS

	Six Month Period Ended December 31, 2018 (Unaudited)	Year Ended June 30, 2018
<b>Increase (Decrease) in Net Assets due to:</b>		
<b>Operations:</b>		
Net investment loss	\$ (7,205)	\$ (3,205)
Net realized gain on investment securities	544,784	3,231,265
Change in unrealized depreciation on investment securities	(4,125,275)	(1,332,804)
Net increase (decrease) in net assets resulting from operations	<u>(3,587,696)</u>	<u>1,895,256</u>
<b>Distributions to shareholders from:</b>		
Total distributable earnings	(3,206,261)	(773,249) <sup>(a)</sup>
Total Distributions	<u>(3,206,261)</u>	<u>(773,249)</u>
<b>Capital share transactions:</b>		
Proceeds from shares purchased	147,154	390,800
Reinvestment of distributions	3,158,798	763,379
Amount paid for shares redeemed	(3,409,711)	(9,301,256)
Proceeds from redemption fees	1	14
Net decrease in net assets from share transactions	<u>(103,758)</u>	<u>(8,147,063)</u>
<b>Total Increase (Decrease) in Net Assets</b>	<b>(6,897,715)</b>	<b>(7,025,056)</b>
<b>Net Assets:</b>		
Beginning of year/period	<u>33,682,324</u>	<u>40,707,380</u>
End of year/period	<u>\$ 26,784,609</u>	<u>\$ 33,682,324<sup>(b)</sup></u>
<b>Capital Share Transactions</b>		
Shares purchased	6,401	18,516
Shares issued in reinvestment of distributions	160,345	30,843
Shares redeemed	(145,770)	(381,225)
Net decrease in capital shares	<u>20,976</u>	<u>(331,866)</u>

<sup>(a)</sup> Represents \$30,009 of net investment income distributions and \$743,240 of net realized capital gains distributions.

<sup>(b)</sup> Includes accumulated net investment loss of \$23,838.

See accompanying notes which are an integral part of these financial statements.

IMS STRATEGIC INCOME FUND  
STATEMENTS OF CHANGES IN NET ASSETS

	Six Month Period Ended December 31, 2018 (Unaudited)	Year Ended June 30, 2018
<b>Increase (Decrease) in Net Assets due to:</b>		
<b>Operations:</b>		
Net investment income	\$ 110,919	\$ 340,910
Net realized loss on investment securities and foreign currency	(798,914)	(3,242,198)
Change in unrealized appreciation on investment securities and foreign currency	648,100	2,370,157
Net decrease in net assets resulting from operations	(39,895)	(531,131)
<b>Distributions to shareholders from:</b>		
Total distributable earnings	(107,661)	(323,707) <sup>(a)</sup>
Total Distributions	(107,661)	(323,707)
<b>Capital share transactions:</b>		
Proceeds from shares purchased	5,613	147,604
Reinvestment of distributions	99,964	298,478
Amount paid for shares redeemed	(856,490)	(1,244,135)
Proceeds from redemption fees	—	—
Net decrease in net assets from share transactions	(750,913)	(798,053)
<b>Total Decrease in Net Assets</b>	<b>(898,469)</b>	<b>(1,652,891)</b>
<b>Net Assets:</b>		
Beginning of year/period	3,927,507	5,580,398
End of year/period	<u>\$ 3,029,038</u>	<u>\$ 3,927,507<sup>(b)</sup></u>
<b>Capital Share Transactions</b>		
Shares purchased	2,319	51,199
Shares issued in reinvestment of distributions	40,706	108,902
Shares redeemed	(360,215)	(460,521)
Net decrease in capital shares	<u>(317,190)</u>	<u>(300,420)</u>

<sup>(a)</sup> Represents \$323,707 of net investment income distributions.

<sup>(b)</sup> Includes accumulated net investment income of \$9,441.

See accompanying notes which are an integral part of these financial statements.

IMS DIVIDEND GROWTH FUND  
STATEMENTS OF CHANGES IN NET ASSETS

	Six Month Period Ended December 31, 2018 (Unaudited)	Year Ended June 30, 2018
<b>Increase (Decrease) in Net Assets due to:</b>		
<b>Operations:</b>		
Net investment income	\$ 37,678	\$ 76,869
Net realized gain (loss) on investment securities	437,310	631,069
Change in unrealized appreciation on investment securities	(1,277,124)	27,616
Net increase in net assets resulting from operations	<u>(802,136)</u>	<u>735,554</u>
<b>Distributions to shareholders from:</b>		
Total distributable earnings	(32,968)	(84,089) <sup>(a)</sup>
Return of capital	—	(5,815)
Total Distributions	<u>(32,968)</u>	<u>(89,904)</u>
<b>Capital share transactions:</b>		
Proceeds from shares purchased	624,009	3,612,764
Reinvestment of distributions	32,798	89,392
Amount paid for shares redeemed	(959,569)	(3,112,582)
Proceeds from redemption fees	—	71
Net increase (decrease) in net assets from share transactions	<u>(302,762)</u>	<u>589,645</u>
<b>Total Increase in Net Assets</b>	<b>(1,137,866)</b>	<b>1,235,295</b>
<b>Net Assets:</b>		
Beginning of year/period	<u>11,032,444</u>	<u>9,797,149</u>
End of year/period	<u>\$ 9,894,578</u>	<u>\$ 11,032,444<sup>(b)</sup></u>
<b>Capital Share Transactions</b>		
Shares purchased	43,446	230,719
Shares issued in reinvestment of distributions	2,201	5,621
Shares redeemed	(61,638)	(196,511)
Net increase (decrease) in capital shares	<u>(15,991)</u>	<u>39,829</u>

<sup>(a)</sup> Represents \$84,089 of net investment income distributions.

<sup>(b)</sup> Includes accumulated net investment income of \$0.

See accompanying notes which are an integral part of these financial statements.

IMS CAPITAL VALUE FUND  
FINANCIAL HIGHLIGHTS

For a Fund share outstanding throughout each year/period

	For the Six Month Period Ended December 31, 2018 (Unaudited)	For the Years Ended				
		June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Net Asset Value, Beginning of Year/Period</b>	\$ 24.75	\$ 24.05	\$ 21.52	\$ 23.16	\$ 21.10	\$ 17.62
<b>Investment Operations:</b>						
Net investment income (loss)	0.00	(0.00) <sup>(a)</sup>	0.02	(0.04)	(0.04)	(0.10)
Net realized and unrealized gain (loss) on investments	(2.84)	1.22	2.51	(1.60)	2.10	3.58
Total from investment operations	(2.84)	1.22	2.53	(1.64)	2.06	3.48
<b>Less Distributions to shareholders:</b>						
From net investment income	—	(0.02)	—	—	—	—
From net realized capital gains	(2.53)	(0.50)	—	—	—	—
Total distributions	(2.53)	(0.52)	—	—	—	—
Paid in capital from redemption fees <sup>(a)</sup>	—	—	—	—	—	—
<b>Net Asset Value, End of Year/Period</b>	\$ 19.38	\$ 24.75	\$ 24.05	\$ 21.52	\$ 23.16	\$ 21.10
<b>Total Return <sup>(b)</sup></b>	(11.65)% <sup>(d)</sup>	5.05%	11.76%	(7.08)%	9.76%	19.75%
<b>Ratios/Supplemental Data</b>						
Net assets, end of year/period (in 000's)	\$ 26,785	\$ 33,682	\$ 40,707	\$ 38,683	\$ 40,716	\$ 40,262
Ratio of expenses to average net assets:	1.82% <sup>(e)</sup>	1.74% <sup>(e)</sup>	1.69%	1.69%	1.74%	2.05%
Ratio of net investment income (loss) to average net assets:	(0.04)% <sup>(e)</sup>	(0.01)% <sup>(e)</sup>	0.08%	(0.19)%	(0.17)%	(0.50)%
Portfolio turnover rate	16.76% <sup>(d)</sup>	40.01%	84.33%	64.78%	62.98%	110.42%

<sup>(a)</sup> Net investment loss and redemption fees resulted in less than \$0.005 per share.

<sup>(b)</sup> Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends.

<sup>(c)</sup> The ratios include 0.01% of interest expense during the year ended June 30, 2018.

<sup>(d)</sup> Not annualized.

<sup>(e)</sup> Annualized.

See accompanying notes which are an integral part of these financial statements.

IMS STRATEGIC INCOME FUND  
FINANCIAL HIGHLIGHTS

For a Fund share outstanding throughout each year/period

	For the Six Month Period Ended December 31, 2018 (Unaudited)	For the Years Ended				
		June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Net Asset Value, Beginning of Year/Period</b>	\$ 2.45	\$ 2.93	\$ 3.27	\$ 4.53	\$ 5.95	\$ 6.11
<b>Investment Operations:</b>						
Net investment income	0.07	0.19	0.24	0.35	0.45	0.56
Net realized and unrealized loss on investments and foreign currency <sup>(a)</sup>	(0.10)	(0.49)	(0.32)	(1.28)	(1.37)	(0.15)
Total from investment operations	(0.03)	(0.30)	(0.08)	(0.93)	(0.92)	0.41
<b>Less Distributions to shareholders:</b>						
From net investment income	(0.07)	(0.18)	(0.26)	(0.33)	(0.39)	(0.57)
Tax return of capital	—	—	—	—	(0.11)	—
Total distributions	(0.07)	(0.18)	(0.26)	(0.33)	(0.50)	(0.57)
Paid in capital from redemption fees <sup>(b)</sup>	—	—	—	—	—	—
<b>Net Asset Value, End of Year/Period</b>	\$ 2.35	\$ 2.45	\$ 2.93	\$ 3.27	\$ 4.53	\$ 5.95
<b>Total Return <sup>(c)</sup></b>	(1.31)% <sup>(i)</sup>	(10.71)%	(2.69)%	(20.99)%	(16.13)%	7.00%
<b>Ratios/Supplemental Data</b>						
Net assets, end of year/period (in 000's)	\$ 3,029	\$ 3,928	\$ 5,580	\$ 8,865	\$ 20,865	\$ 37,805
Ratio of expenses to average net assets:	1.95% <sup>(i)</sup>	2.02% <sup>(h)</sup>	1.98% <sup>(g)</sup>	1.98% <sup>(f)</sup>	1.96% <sup>(e)</sup>	1.94% <sup>(d)</sup>
Ratio of expenses to average net assets before waiver & reimbursement:	4.60% <sup>(i)</sup>	3.36% <sup>(h)</sup>	2.93% <sup>(g)</sup>	2.25% <sup>(f)</sup>	1.92% <sup>(e)</sup>	2.12%
Ratio of net investment income to average net assets:	5.78% <sup>(i)</sup>	6.99% <sup>(h)</sup>	7.83% <sup>(g)</sup>	9.13% <sup>(f)</sup>	8.94% <sup>(e)</sup>	9.27% <sup>(d)</sup>
Ratio of net investment income to average net assets before waiver & reimbursement:	3.13% <sup>(i)</sup>	5.64% <sup>(h)</sup>	6.87% <sup>(g)</sup>	8.85% <sup>(f)</sup>	8.90% <sup>(e)</sup>	9.08%
Portfolio turnover rate	370.75% <sup>(i)</sup>	758.79%	505.62%	394.23%	562.40%	371.35%

<sup>(a)</sup> Realized and unrealized gains and losses per share in this caption are balancing amounts necessary to reconcile the changes in net assets value per share for the period, and may not reconcile with the aggregate gains and losses in the statement of operations.

<sup>(b)</sup> Redemption fees resulted in less than \$0.005 per share.

<sup>(c)</sup> Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends.

<sup>(d)</sup> Effective November 1, 2013, the Advisor agreed to waive fees to maintain Fund expenses at 1.95% (excluding brokerage fees and commissions; borrowing costs, such as (a) interest and (b) dividend expenses on securities sold short; taxes; any indirect expenses, such as acquired fund fees and expenses; any 12b-1 fees; and extraordinary litigation expenses).

<sup>(e)</sup> The ratios include 0.01% of interest expense during the year ended June 30, 2015.

<sup>(f)</sup> The ratios include 0.03% of interest expense during the year ended June 30, 2016.

<sup>(g)</sup> The ratios include 0.04% of interest expense during the year ended June 30, 2017.

<sup>(h)</sup> The ratios include 0.07% of interest expense during the year ended June 30, 2018.

<sup>(i)</sup> Not annualized.

<sup>(j)</sup> Annualized.

See accompanying notes which are an integral part of these financial statements.

IMS DIVIDEND GROWTH FUND  
FINANCIAL HIGHLIGHTS

**For a Fund share outstanding throughout each year/period**

	For the Six Month Period Ended December 31, 2018 (Unaudited)	For the Years Ended				
		June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Net Asset Value, Beginning of Year/Period</b>	\$ 15.64	\$ 14.72	\$ 12.62	\$ 13.03	\$ 12.44	\$ 10.96
<b>Investment Operations:</b>						
Net investment income	0.06	0.10	0.10	0.11	0.09	0.16
Net realized and unrealized gain (loss) on investments	(1.30)	0.94	2.09	(0.41)	0.59	1.46
Total from investment operations	(1.24)	1.04	2.19	(0.30)	0.68	1.62
<b>Less Distributions to shareholders:</b>						
From net investment income	(0.05)	(0.12)	(0.09)	(0.11)	(0.09)	(0.14)
Tax return of capital	—	0.00 <sup>(e)</sup>	—	—	—	—
Total distributions	(0.05)	(0.12)	(0.09)	(0.11)	(0.09)	(0.14)
Paid in capital from redemption fees <sup>(a)</sup>	—	—	—	—	—	—
<b>Net Asset Value, End of Year/Period</b>	\$ 14.35	\$ 15.64	\$ 14.72	\$ 12.62	\$ 13.03	\$ 12.44
<b>Total Return <sup>(b)</sup></b>	(7.94)% <sup>(f)</sup>	7.05%	17.38%	(2.27)%	5.48%	14.88%
<b>Ratios/Supplemental Data</b>						
Net assets, end of year/period (in 000's)	\$ 9,895	\$ 11,032	\$ 9,797	\$ 8,476	\$ 10,291	\$ 8,670
Ratio of expenses to average net assets:	1.95% <sup>(g)</sup>	1.96% <sup>(d)</sup>	1.95%	1.96% <sup>(c)</sup>	1.95%	1.96%
Ratio of expenses to average net assets before waiver & reimbursement:	2.40% <sup>(g)</sup>	2.13% <sup>(d)</sup>	2.34%	2.37% <sup>(c)</sup>	2.50%	2.50%
Ratio of net investment income to average net assets:	0.68% <sup>(g)</sup>	0.64% <sup>(d)</sup>	0.71%	0.85% <sup>(c)</sup>	0.69%	1.39%
Ratio of net investment income to average net assets before waiver & reimbursement:	0.23% <sup>(g)</sup>	0.47% <sup>(d)</sup>	0.32%	0.44% <sup>(c)</sup>	0.14%	0.86%
Portfolio turnover rate	2.11% <sup>(f)</sup>	23.39%	32.76%	6.63%	86.92%	240.61%

(a) Redemption fees resulted in less than \$0.005 per share.

(b) Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends.

(c) The ratios include 0.01% of interest expense during the year ended June 30, 2016.

(d) The ratios include 0.01% of interest expense during the year ended June 30, 2018.

(e) Tax return of capital distributions were less than \$0.005 per share.

(f) Not annualized.

(g) Annualized.

See accompanying notes which are an integral part of these financial statements.

*IMS FAMILY OF FUNDS*  
*NOTES TO THE FINANCIAL STATEMENTS*  
**December 31, 2018 (Unaudited)**

**NOTE 1. ORGANIZATION**

The IMS Family of Funds (the “Funds”), comprising the IMS Capital Value Fund (the “Value Fund”), IMS Strategic Income Fund (the “Income Fund”) and IMS Dividend Growth Fund (the “Dividend Growth Fund”), were each organized as a diversified series of 360 Funds (the “Trust”) on June 20, 2014. The Trust was organized on February 24, 2005 as a Delaware statutory trust. The Trust is registered as an open-end management investment company under the Investment Company Act of 1940 (the “1940 Act”). The investment objective of the Value Fund is to provide long-term growth from capital appreciation and secondarily, income from dividends. The investment objective of the Income Fund is to provide current income and secondarily, capital appreciation. The investment objective of the Dividend Growth Fund is to provide long-term growth from capital appreciation and dividends. The investment advisor of each Fund is IMS Capital Management, Inc. (the “Advisor”).

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies followed by each Fund in the preparation of its financial statements. The Funds are investment companies and accordingly follow the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946 applicable to investment companies.

*Securities Valuations* – All investments in securities are recorded at their estimated fair value as described in Note 3.

*Foreign Currency* – Investment securities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. Reported net realized foreign exchange gains or losses arise from currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Funds’ books and the U.S. dollar equivalent of the amounts actually received or paid. The Funds do not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

*Reverse Convertible Bonds* – The Funds may invest in reverse convertible notes, which are short-term notes (i.e., with maturities of one year or less) that are linked to individual equity securities. These notes make regular interest payments by the issuer, but also have a put option attached, giving the issuer the right to exercise that option only if the price of the related security drops below a stated price.

Structured notes, such as reverse convertible notes, are subject to a number of fixed income risks including general market risk, interest rate risk, as well as the risk that the issuer on the note may fail to make interest and/ or principal payments when due, or may default on its obligations entirely. In addition, as a result of imbedded derivative features in these securities, structured notes generally are subject to more risk than investing in a simple note or bond issued by the same issuer.



*IMS FAMILY OF FUNDS*  
*NOTES TO THE FINANCIAL STATEMENTS* – (continued)  
**December 31, 2018 (Unaudited)**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Federal Income Taxes* – The Funds make no provision for federal income or excise tax. The Funds intend to qualify each year as regulated investment companies (“RICs”) under subchapter M of the Internal Revenue Code of 1986, as amended, by complying with the requirements applicable to RICs and by distributing substantially all of their taxable income. The Funds also intend to distribute sufficient net investment income and net capital gains, if any, so that they will not be subject to excise tax on undistributed income and gains. If the required amount of net investment income or gains is not distributed, the Funds could incur a tax expense.

As of and during the six month period ended December 31, 2018, the Funds did not have a liability for any unrecognized tax benefits. The Funds recognize interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statement of operations. During the six month period ended December 31, 2018, the Funds did not incur any interest or penalties. The Funds are not subject to examination by U.S. federal tax authorities for tax years prior to 2016.

*Expenses* – Expenses incurred by the Trust that do not relate to a specific fund of the Trust are allocated to the individual funds based on each Fund’s relative net assets or another appropriate basis (as determined by the Board of Trustees (the “Board”)).

*Security Transactions and Related Income* – Each Fund follows industry practice and records security transactions on the trade date for financial reporting purposes. The first in, first out method is used for determining gains or losses for financial statements and income tax purposes. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Dividend income from real estate investment trusts (REITS) and distributions from limited partnerships are recognized on the ex-date and included in dividend income. The calendar year-end classification of distributions received from REITS during the fiscal year are reported subsequent to year end; accordingly, the Funds estimate the character of REIT distributions based on the most recent information available. Income or loss from limited partnerships is reclassified in the components of net assets upon receipt of K-1’s. Withholding taxes on foreign dividends have been provided for in accordance with each Fund’s understanding of the applicable country’s tax rules and rates. Discounts and premiums on securities purchased are amortized or accreted using the effective interest method. For bonds that miss a scheduled interest payment, after the grace period, all interest accrued on the bond is written off and no additional interest will be accrued. However, for illiquid bonds or those bonds fair valued by the Advisor, if the Advisor’s research indicates a high recovery rate in restructuring, and the Fund expects to hold the bond until the issue is restructured, past due interest may not be written off in its entirety. The ability of issuers of debt securities held by the Funds to meet their obligations may be affected by economic and political developments in a specific country or region.

*Use of Estimates* – The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*IMS FAMILY OF FUNDS*  
*NOTES TO THE FINANCIAL STATEMENTS* – (continued)  
**December 31, 2018 (Unaudited)**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Dividends and Distributions* – The Income Fund intends to distribute substantially all of its net investment income as dividends to its shareholders on a monthly basis. The Value Fund and Dividend Growth Fund intend to distribute substantially all of their net investment income as dividends to their shareholders on at least an annual basis. Each Fund intends to distribute its net realized long-term capital gains and its net realized short-term capital gains at least once a year. Dividends to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The treatment for financial reporting purposes of distributions made to shareholders during the year from net investment income or net realized capital gains may differ from their ultimate treatment for federal income tax purposes. These differences are caused primarily by differences in the timing of the recognition of certain components of income, expense or realized capital gain for federal income tax purposes. Where such differences are permanent in nature, they are reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations or net asset values per share of the Funds. No such reclassifications were made during the six month period ended December 31, 2018.

**NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that a Fund would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. GAAP establishes a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk (the risk inherent in a particular valuation technique used to measure fair value such as a pricing model and/or the risk inherent in the inputs to the valuation technique). Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Various inputs are used in determining the value of each Fund's investments. These inputs are summarized in the three broad levels listed below.

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including, but not limited to, quoted prices for an identical security in an inactive market, quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including each Fund's own assumptions in determining fair value of investments based on the best information available)

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.

**NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (continued)**

A description of the valuation techniques applied to each Fund's major categories of assets measured at fair value on a recurring basis follows:

Equity securities, including common stock, real estate investment trusts, and preferred securities, are generally valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Advisor believes such prices more accurately reflect the fair value of such securities. Securities that are traded on any stock exchange are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an exchange traded security is generally valued by the pricing service at its last bid price.

Securities traded in the NASDAQ over-the-counter market are generally valued by the pricing service at the NASDAQ Official Closing Price. When using the market quotations or close prices provided by the pricing service and when the market is considered active, the security will be classified as a Level 1 security. Sometimes, an equity security owned by a Fund will be valued by the pricing service with factors other than market quotations or when the market is considered inactive. When this happens, the security will be classified as a Level 2 security.

Investments in mutual funds, including money market mutual funds, are generally priced at the ending net asset value (NAV) provided by the service agent of the mutual funds. These securities will be categorized as Level 1 securities.

Fixed income securities such as corporate bonds, municipal bonds, reverse convertible bonds, and foreign bonds denominated in U.S. dollars, when valued using market quotations in an active market, will be categorized as Level 1 securities. However, they may be valued on the basis of prices furnished by a pricing service when the Advisor believes such prices more accurately reflect the fair value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. These securities will generally be categorized as Level 2 securities. If the Advisor decides that a price provided by the pricing service does not accurately reflect the fair value of the securities, when prices are not readily available from a pricing service, or when certain restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Advisor, in conformity with guidelines adopted by and subject to review of the Board and the Fair Valuation Committee. These securities will be categorized as Level 3 securities. See the chart on page 27 for more information on the inputs used by the Advisor in determining fair value of such Level 3 securities. The Advisor has used inputs such as evaluated broker quotes in inactive markets, actual trade prices in inactive markets, present value of expected future cash flows, terms of expected bond restructurings, and yields on similar securities in determining the fair value of such Level 3 securities.

Short-term investments in fixed income securities (those with maturities of less than 60 days when acquired) are valued by using the amortized cost method of valuation, which the Board has determined will represent fair value. These securities will be classified as Level 2 securities.

*IMS FAMILY OF FUNDS*  
*NOTES TO THE FINANCIAL STATEMENTS – (continued)*  
**December 31, 2018 (Unaudited)**

**NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (continued)**

In accordance with the Trust’s good faith pricing guidelines, the Advisor is required to consider all appropriate factors relevant to the value of securities for which it has determined other pricing sources are not available or reliable as described above. No single standard exists for determining fair value, because fair value depends upon the circumstances of each individual case. As a general principle, the current fair value of an issue of securities being valued by the Advisor would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. Methods which are in accordance with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market of a similar freely traded security (including a derivative security or a basket of securities traded on other markets, exchanges or among dealers); or (iii) yield to maturity with respect to debt issues, or a combination of these and other methods. Good faith pricing is permitted if, in the Advisor’s opinion, the validity of market quotations appears to be questionable based on factors such as evidence of a thin market in the security based on a small number of quotations, a significant event occurs after the close of a market but before a Fund’s NAV calculation that may affect a security’s value, or the Advisor is aware of any other data that calls into question the reliability of market quotations. Good faith pricing may also be used in instances when the bonds in which the Funds invest may default or otherwise cease to have market quotations readily available.

The Trustees of the 360 Funds adopted the M3Sixty Consolidated Valuation Procedures on June 24, 2014, which established a Valuation Committee to work with the Advisor and report to the Board on securities being fair valued or manually priced. The Chairman of the Board, along with two other Independent Trustees, as well as the Funds’ Chief Compliance Officer and other officers of the Trust, are members of the Valuation Committee, which meets at least monthly or, as required, to review the interim actions and coordination with the Advisor in pricing fair valued securities, and consideration of any unresolved valuation issue or a request to change the methodology for manually pricing a security. In turn, the Chairman provides updates to the Board at the regularly scheduled board meetings as well as interim updates to the board members on substantive changes in a daily valuation or methodology issue.

The following is a summary of the inputs used to value the Value Fund’s investments as of December 31, 2018:

	Investments	Valuation Inputs			Total
		Level 1 – Quoted Prices in Active Markets	Level 2 – Other Significant Observable Inputs	Level 3 – Significant Unobservable Inputs	
Common Stocks*		\$ 26,446,221	\$ —	\$ —	\$ 26,446,221
Money Market Securities		364,071	—	—	364,071
<b>Total</b>		<b>\$ 26,810,292</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 26,810,292</b>

\* Refer to the Schedule of Investments for industry classifications.

The Value Fund did not hold any investments at any time during the reporting period in which significant unobservable inputs were used in determining fair value; therefore, no reconciliation of Level 3 securities is included for this reporting period. The Value Fund did not hold any derivative instruments during the reporting period. During the six month period ended December 31, 2018, there were no transfers between levels. The Value Fund recognizes transfers between fair value hierarchy levels at the end of the reporting period.

*IMS FAMILY OF FUNDS*  
*NOTES TO THE FINANCIAL STATEMENTS – (continued)*  
**December 31, 2018 (Unaudited)**

**NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (continued)**

The following is a summary of the inputs used to value the Income Fund's investments as of December 31, 2018:

Investments	Valuation Inputs			Total
	Level 1 – Quoted Prices in Active Markets	Level 2 – Other Significant Observable Inputs	Level 3 – Significant Unobservable Inputs	
Common Stocks*	\$ 2,110,498	\$ —	\$ —	\$ 2,110,498
Corporate Bonds	—	209,446	—	209,446
Foreign Bonds	—	—	71,475	71,475
Structured Notes	—	958,572	—	958,572
<b>Total</b>	<b>\$ 2,110,498</b>	<b>\$ 1,168,018</b>	<b>\$ 71,475</b>	<b>\$ 3,349,991</b>

\* Refer to the Schedule of Investments for industry classifications.

Following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value for the Income Fund:

	Balance as of June 30, 2018	Realized gain (loss)	Amortization	Change in unrealized appreciation (depreciation)	Purchases	Sales	Transfers in to Level 3	Transfers out of Level 3	Balance as of December 31, 2018
Foreign Bonds	\$ 74,220	\$ (760,368)	\$ —	\$ 757,625	\$ —	\$ (2)	\$ —	\$ —	\$ 71,475
Total	\$ 74,220	\$ (760,368)	\$ —	\$ 757,625	\$ —	\$ (2)	\$ —	\$ —	\$ 71,475

The following is a quantitative summary of the techniques and inputs used to fair value the Level 3 securities as of December 31, 2018:

Quantitative information about Level 3 fair value measurements			
	Fair value at 12/31/2018	Valuation technique(s)	Range (Weighted Average)
Foreign Bonds	\$ 71,475	Asset based	35%-37% of outstanding debt
			Estimated liquidation value of issuers underlying assets <sup>(1)</sup>
			Marketability discount

<sup>(1)</sup> A significant increase in this input in isolation would result in a significantly higher fair value measurement.

*IMS FAMILY OF FUNDS*  
*NOTES TO THE FINANCIAL STATEMENTS – (continued)*  
**December 31, 2018 (Unaudited)**

**NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (continued)**

The total change in unrealized appreciation (depreciation) attributable to Level 3 investments still held at December 31, 2018 was \$(2,745) as shown below.

	<b>Total Change in Unrealized Depreciation</b>
Foreign Bonds	\$ (2,745)
Total	\$ (2,745)

The Income Fund did not hold any derivative instruments during the six month period ended December 31, 2018. See reconciliation of investments for Level 3 securities in chart above. The Income Fund recognizes transfers between fair value hierarchy levels at the end of the reporting period.

There were no transfers of assets between levels during the six month period ended December 31, 2018 for the Income Fund.

The following is a summary of the inputs used to value the Dividend Growth Fund's investments as of December 31, 2018:

	<b>Valuation Inputs</b>			
	<b>Level 1 – Quoted Prices in Active Markets</b>	<b>Level 2 – Other Significant Observable Inputs</b>	<b>Level 3 – Significant Unobservable Inputs</b>	
Common Stocks*	\$ 9,131,087	\$ —	\$ —	\$ 9,131,087
Money Market Securities	753,265	—	—	753,265
Total	\$ 9,884,352	\$ —	\$ —	\$ 9,884,352

\*Refer to the Schedule of Investments for industry classifications.

The Dividend Growth Fund did not hold any investments at any time during the reporting period in which significant unobservable inputs were used in determining fair value; therefore, no reconciliation of Level 3 securities is included for this reporting period. During the six month period ended December 31, 2018, there were no transfers between levels. The Dividend Growth Fund recognizes transfers between fair value hierarchy levels at the end of the reporting period.

**NOTE 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES**

The Advisor serves as investment advisor to the Funds pursuant to an Investment Advisory Agreement (the "Advisory Agreement") with the Trust. Pursuant to the Advisory Agreement, the Advisor manages the operations of the Funds and manages the Funds' investments in accordance with the stated policies of the Funds, subject to approval of the Board of Trustees.

*IMS FAMILY OF FUNDS*  
NOTES TO THE FINANCIAL STATEMENTS – (continued)  
December 31, 2018 (Unaudited)

**NOTE 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES (continued)**

In addition, the Funds have entered into an Expense Limitation Agreement under which the Advisor has agreed to waive or reduce its fees and to assume other expenses of the Funds, if necessary, in an amount that limits annual operating expenses (exclusive of interest, taxes, brokerage fees and commissions, acquired fund fees and expenses, shareholder servicing fees, extraordinary expenses, and, dividend and interest expenses in connection with securities sold short) to not more than 1.95% of the Funds' average daily net assets through October 31, 2018, subject to the Advisor's right to recoup payments on a rolling three-year basis, so long as the payments would not exceed the 1.95% expense cap.

Under the terms of the Advisory Agreement, the Funds are obligated to pay the Advisor a fee computed and accrued daily and paid monthly. Please see the chart below for information regarding the management fee rates, management fees earned, fee waivers and recoupments, and expenses reimbursed during the six month period ended December 31, 2018, as well as amounts due to the Advisor at December 31, 2018.

	<b>Value Fund</b>	<b>Income Fund</b>	<b>Dividend Growth Fund</b>
Management fee under Advisory Agreement (as a percentage of average net assets)	1.21%	1.26%	1.26%
Expense limitation (as a percentage of average net assets)	1.95%	1.95%	1.95%
Management fees earned	\$ 198,343	\$ 24,178	\$ 69,346
Fees recouped (waived) and (expenses reimbursed)	\$ —	\$ (50,812)	\$ (24,927)
Payable to (due from) Advisor	\$ 28,558	\$ (6,173)	\$ 3,694

Each waiver or reimbursement by the Advisor is subject to repayment by the Funds within the three fiscal years following the fiscal year in which the particular expense was incurred, provided that the Funds are able to make the repayment without exceeding the expense limitations in effect at the time the expenses were waived or currently in effect, whichever is lower as described above.

The amounts subject to repayment by the Income Fund and Dividend Growth Fund, pursuant to the aforementioned conditions, are as follows:

<b>Fund</b>	<b>Amount</b>	<b>Expires June 30,</b>
Income Fund	\$ 36,051	2019
Income Fund	\$ 69,739	2020
Income Fund	\$ 41,570	2021
Income Fund	\$ 50,812	2022
Dividend Growth Fund	\$ 37,010	2019
Dividend Growth Fund	\$ 36,744	2020
Dividend Growth Fund	\$ 14,262	2021
Dividend Growth Fund	\$ 24,927	2022

There are no amounts subject to repayment by the Value Fund.

*IMS FAMILY OF FUNDS*  
NOTES TO THE FINANCIAL STATEMENTS – (continued)  
December 31, 2018 (Unaudited)

**NOTE 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES (continued)**

The Trust has entered into an Investment Company Services Agreement (the “Services Agreement”) with M3Sixty Administration, LLC (“M3Sixty”). Under the Services Agreement, M3Sixty is responsible for a wide variety of functions, including but not limited to: (a) Fund accounting services; (b) financial statement preparation; (c) valuation of the Funds’ portfolio securities; (d) pricing the Funds’ shares; (e) assistance in preparing tax returns; (f) preparation and filing of required regulatory reports; (g) communications with shareholders; (h) coordination of Board and shareholder meetings; (i) monitoring the Funds’ legal compliance; and (j) maintaining shareholder account records.

For the six month period ended December 31, 2018, the Funds accrued servicing fees, including out of pocket expenses, as follows:

Fund	Service Fees
Value Fund	\$ 54,781
Income Fund	\$ 19,785
Dividend Growth Fund	\$ 28,605

Certain officers and a Trustee of the Trust are also employees of M3Sixty.

Matrix 360 Distributors, LLC (the “Distributor”) acts as the principal distributor of the Funds. There were no payments made to the Distributor by the Funds for six month period ended December 31, 2018.

The Distributor is not affiliated with the Advisor. The Distributor is an affiliate of M3Sixty.

**NOTE 5. LINE OF CREDIT**

During the six month period ended December 31, 2018, the IMS Funds each respectively entered into an agreement with The Huntington National Bank, the custodian of the Funds’ investments, to open secured lines of credit secured by the Funds’ investments. Borrowings under this agreement bear interest at LIBOR plus 1.500%. Maximum borrowings for each Fund are lesser of \$2,000,000 or 10.000% of the Fund’s daily market value. Total borrowings for the Funds cannot exceed \$2,000,000 at any time. The current agreement expires on June 10, 2019.

	Value Fund	Income Fund	Dividend Growth Fund
Maximum available bank line of credit as of December 31, 2018	\$ 1,500,000	\$ 334,999	\$ 988,435
Average borrowings for the period	\$ 94,647	\$ 34,474	\$ 18,142
Average interest rate for the period	3.708%	3.708%	3.708%
Highest balance drawn during the period	\$ 952,485	\$ 325,743	\$ 405,149
Interest rate at December 31, 2018	3.879%	3.879%	3.879%
Line of credit borrowing at December 31, 2018	\$ —	\$ 340,319	\$ —



*IMS FAMILY OF FUNDS*  
NOTES TO THE FINANCIAL STATEMENTS – (continued)  
December 31, 2018 (Unaudited)

**NOTE 6. INVESTMENTS**

For the six month period ended December 31, 2018, purchases and sales of investment securities, other than short-term investments and short-term U.S. government obligations were as follows:

	<u>Value Fund</u>	<u>Income Fund</u>	<u>Dividend Growth Fund</u>
<b>Purchases</b>			
U.S. Government Obligations	\$ —	\$ —	\$ —
Other	5,381,984	13,327,362	228,150
<b>Sales</b>			
U.S. Government Obligations	\$ —	\$ —	\$ —
Other	8,629,091	13,550,631	1,223,873

As of December 31, 2018, the net unrealized appreciation (depreciation) of investments for tax purposes was as follows:

	<u>Value Fund</u>	<u>Income Fund</u>	<u>Dividend Growth Fund</u>
Gross Appreciation	\$ 6,396,211	\$ 3,361	\$ 1,313,906
Gross (Depreciation)	(6,531,972)	(1,727,038)	(1,306,486)
Net Appreciation (Depreciation) on Investments	\$ (135,761)	\$ (1,723,677)	\$ 7,420
Tax Cost	<u>\$ 26,946,053</u>	<u>\$ 5,073,668</u>	<u>\$ 9,876,932</u>

For the Value Fund, the difference between book basis and tax basis unrealized appreciation (depreciation) of investments is primarily attributable to the tax deferral of losses on wash sales.

**NOTE 7. ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

**NOTE 8. BENEFICIAL OWNERSHIP**

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the fund, under Section 2(a)(9) of the Investment Company Act of 1940. As of December 31, 2018, National Financial Securities Corp. (“National Financial”) held, for the benefit of its customers, 38.25% of the Value Fund and 44.61% of the Dividend Growth Fund. As a result, National Financial may be deemed to control the Value Fund and Dividend Growth Fund. As of December 31, 2018, TD Ameritrade, Inc. (“Ameritrade”) held, for the benefit of its customers, 30.46% of the Value Fund, 28.86% of the Income Fund and 45.59% of the Dividend Growth Fund. As a result, Ameritrade may be deemed to control the Value Fund, Income Fund and Dividend Growth Fund.

*IMS FAMILY OF FUNDS*  
NOTES TO THE FINANCIAL STATEMENTS – (continued)  
December 31, 2018 (Unaudited)

**NOTE 9. DISTRIBUTIONS TO SHAREHOLDERS**

**Value Fund** – For the six month period ended December 31, 2018, the Value Fund paid distributions totaling \$2.527 per share.

The tax characterization of distributions for the six month period ended December 31, 2018 and for the fiscal year ended June 30, 2018 was as follows:

	<b>Six Month Period Ended December 31, 2018</b>	<b>Fiscal Year Ended June 30, 2018</b>
Distributions paid from:		
Ordinary Income	\$ 609,750	\$ 30,009
Long-term Capital Gains	2,596,511	743,240
<b>Total Distributions paid</b>	<b>\$ 3,206,261</b>	<b>\$ 773,249</b>

**Income Fund** – For the six month period ended December 31, 2018, the Income Fund paid monthly distributions totaling \$0.070 per share.

The tax characterization of distributions for the six month period ended December 31, 2018 and for the fiscal year ended June 30, 2018 was as follows:

	<b>Six Month Period Ended December 31, 2018</b>	<b>Fiscal Year Ended June 30, 2018</b>
Distributions paid from:		
Ordinary Income	\$ 107,661	\$ 323,707
<b>Total Distributions paid</b>	<b>\$ 107,661</b>	<b>\$ 323,707</b>

**Dividend Growth Fund** – For the six month period ended December 31, 2018, the Dividend Growth Fund paid distributions totaling \$0.050 per share.

The tax characterization of distributions for the six month period ended December 31, 2018 and for the fiscal year ended June 30, 2018 was as follows:

	<b>Six Month Period Ended December 31, 2018</b>	<b>Fiscal Year Ended June 30, 2018</b>
Distributions paid from:		
Ordinary Income	\$ 32,968	\$ 84,089
Return of Capital	—	\$ 5,815
<b>Total Distributions paid</b>	<b>\$ 32,968</b>	<b>\$ 89,904</b>

*IMS FAMILY OF FUNDS*  
NOTES TO THE FINANCIAL STATEMENTS – (continued)  
December 31, 2018 (Unaudited)

**NOTE 9. DISTRIBUTIONS TO SHAREHOLDERS (continued)**

The Funds' tax basis distributable earnings are determined only at the end of each fiscal year. As of June 30, 2018, the Funds' most recent fiscal year end, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

	Value Fund	Income Fund	Dividend Growth Fund
Undistributed (accumulated ) ordinary income (losses)	\$ 609,750	\$ 9,441	\$ —
Deferred capital and other losses	(23,838)	(1,504,263)	—
Accumulated capital gains (losses)	2,596,512	(22,899,813)	—
Net unrealized appreciation (depreciation)	3,989,515	(2,371,777)	1,284,544
	<u>\$ 7,171,939</u>	<u>\$ (26,766,412)</u>	<u>\$ 1,284,544</u>

Under current law, capital losses and specified gains realized after October 31, and net investment losses realized after December 31 of a Fund's fiscal year may be deferred and treated as occurring on the first business day of the following fiscal year for tax purposes. For disclosure purposes, these deferrals are included in "accumulated capital gains (losses)" above.

As of June 30, 2018, deferred capital and other losses noted above consist of:

	Capital Loss Carryforwards	Post-October Capital Losses	Late Year Ordinary Losses
Value Fund	\$ —	\$ —	\$ 23,838
Income Fund	22,899,813	1,504,263	—
Dividend Growth Fund	—	—	—

**NOTE 10. CAPITAL LOSS CARRYFORWARDS**

At June 30, 2018, for federal income tax purposes, the Funds have capital loss carryforwards, in the following amounts:

	Value Fund	Income Fund	Dividend Growth Fund
No expiration – short term	\$ —	\$ 8,296,063	\$ —
No expiration – long term	—	11,925,424	—
Expires on June 30, 2019	—	2,678,326	—
	<u>\$ —</u>	<u>\$ 22,899,813</u>	<u>\$ —</u>

Capital loss carryforwards are available to offset future realized capital gains. To the extent that these carryforwards are used to offset future capital gains, it is probable that the amount offset will not be distributed to shareholders. Non-expiring carryforwards must be utilized prior to the utilization of carryforwards with expiration dates. During the year ended June 30, 2018, the Value Fund, Income Fund and Dividend Growth Fund utilized capital loss carryforwards of \$0, \$0 and \$522,126, respectively. Capital loss carryforwards of \$24,109,306 and \$194,593 expired in the Income Fund and Dividend Growth Fund, respectively.

*IMS FAMILY OF FUNDS*  
*NOTES TO THE FINANCIAL STATEMENTS – (continued)*  
**December 31, 2018 (Unaudited)**

**NOTE 11. RESTRICTED SECURITIES**

Restricted securities are securities that may only be resold upon registration under federal securities laws or in transactions exempt from such registration. In some cases, the issuer of restricted securities has agreed to register such securities for resale, at the issuer's expense, either upon demand by a fund or in connection with another registered offering of the securities. Many restricted securities may be resold in the secondary market in transactions exempt from registration. Such restricted securities may be determined to be liquid. The Funds will not incur any registration costs upon such resale. The Income Fund's restricted securities are valued at the price provided by pricing services or dealers in the secondary market or, if no market prices are available, at the fair value price as determined by the Fund's Advisor or pursuant to the Fund's fair value policy, subject to oversight by the Board of Trustees. The Income Fund has acquired securities, the sale of which is restricted under Rule 144A or Regulation S the Securities Act of 1933. It is possible that the fair value price may differ significantly from the amount that may ultimately be realized in the near term, and the difference could be material.

At December 31, 2018, the aggregate value of such securities amounted to \$71,475 and the value amounts to 2.36% of the net assets of the Income Fund.

	<b>Acquisition Date</b>	<b>Shares or Principal Amount</b>	<b>Amortized Cost</b>	<b>Fair Value</b>
Cash Store Financial Services, Inc. 11.500%, 01/31/2017, 144A	5/21/2012 <sup>(a)</sup>	1,289,000	\$ 1,120,977	\$ 71,475
			\$ 1,120,977	\$ 71,475

<sup>(a)</sup> Purchased on various dates beginning 05/21/2012.

**NOTE 12. SUBSEQUENT EVENTS**

On January 15, 2019, the Income Fund declared a dividend of \$12,862, which was payable on January 15, 2019.

On February 15, 2019, the Income Fund declared a dividend of \$13,662, which was payable on February 15, 2019.

Management has evaluated subsequent events through the issuance of the financial statements and has noted no other such events that would require disclosure.

**NOTE 13. INDEMNIFICATIONS**

In the normal course of business, the Funds enter into contracts that contain general indemnifications to other parties. The Funds' maximum exposure under these contracts is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. The Funds expect the risk of loss to be remote.

*IMS FAMILY OF FUNDS*  
*NOTES TO THE FINANCIAL STATEMENTS* – (continued)  
**December 31, 2018 (Unaudited)**

**NOTE 14. RECENT ACCOUNTING PRONOUNCEMENTS**

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (ASU) No. 2018-13 “Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement” (“ASU 2018-13”) which includes amendments intended to improve the effectiveness of disclosures in the notes to financial statements. For example, ASU 2018-13 includes additional disclosures regarding the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and clarifications to the narrative description of measurement uncertainty disclosures. ASU 2018-13 is effective for interim and annual periods beginning after December 15, 2019. Management is currently evaluating the impact that ASU 2018- 13 will have on the Funds’ financial statements and related disclosures.

In March 2017, the FASB issued ASU No. 2017-08, Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities. The amendments in the ASU shorten the amortization period for certain callable debt securities, held at a premium, to be amortized to the earliest call date. The ASU does not require an accounting change for securities held at a discount; which continue to be amortized to maturity. The ASU is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2018. Management is currently evaluating the impact, if any, of applying this provision.

*TRUSTEES AND OFFICERS – (Unaudited)*

The Trustees are responsible for the management and supervision of the Funds. The Trustees approve all significant agreements between the Trust, on behalf of the Funds, and those companies that furnish services to the Funds; review performance of the Funds; and oversee activities of the Funds. This section provides information about the persons who serve as Trustees and Officers to the Trust and Funds, respectively. The Statement of Additional Information for each Fund includes additional information about the Trustees and officers and is available, without charge, upon request by calling the Funds toll-free at (800) 934-5550.

**Remuneration Paid to Trustees and Officers** - Officers of the Trust and Trustees who are “interested persons” of the Trust or the Advisor will receive no salary or fees from the Trust. Officers of the Trust and interested Trustees do receive compensation directly from certain service providers to the Trust, including Matrix 360 Distributors, LLC and M3Sixty Administration LLC. Each Trustee who is not an “interested person” receives a fee of \$1,500 each year plus \$200 per Board or committee meeting attended. The Trust reimburses each Trustee and officer for his or her travel and other expenses relating to attendance at such meetings.

Name of Trustee <sup>1</sup>	Aggregate Compensation From the IMS Family of Funds <sup>2</sup>	Pension or Retirement Benefits Accrued As Part of Portfolio Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation From the IMS Family of Funds Paid to Trustees <sup>2</sup>
<b>Independent Trustees</b>				
Arthur Q. Falk	\$ 3,450	None	None	\$ 3,450
Thomas Krausz <sup>3</sup>	\$ 1,725	None	None	\$ 1,725
Tom M. Wirtshafter	\$ 3,450	None	None	\$ 3,450
Gary W. DiCenzo	\$ 3,450	None	None	\$ 3,450
Steven D. Poppen <sup>4</sup>	None	None	None	None
Thomas J. Schmidt <sup>4</sup>	\$ 1,725	None	None	\$ 1,725
<b>Interested Trustee</b>				
Randall K. Linscott	None	None	None	None

<sup>1</sup> Each of the Trustees serves as a Trustee to three (3) IMS Family of Funds of the Trust. The Trust currently offers twelve (12) series of shares.

<sup>2</sup> Figures are for the six month period ended December 31, 2018.

<sup>3</sup> Resigned as Independent Trustee effective July 13, 2018.

<sup>4</sup> Appointed as an Independent Trustee on September 21, 2018.

*OTHER INFORMATION (Unaudited)*

The Funds' Statement of Additional Information ("SAI") includes additional information about the trustees and is available without charge, upon request. You may call toll-free at (800) 934-5550 to request a copy of the SAI or to make shareholder inquiries.

The Funds file their complete schedules of portfolio holdings with the Securities and Exchange Commission (the "Commission") for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the Commission's website at <http://www.sec.gov>. The Funds' Forms N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Information on the operation of the Commission's Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling (800) 934-5550; and on the Commission's website at <http://www.sec.gov>.

Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30th is available without charge, upon request, by calling (800) 934-5550; and on the Commission's website at <http://www.sec.gov>.

Shareholder Tax Information - The Funds are required to advise you within 60 days of the Fund's fiscal year end regarding the federal tax status of distributions received by shareholders during the fiscal year. For the six month period ended December 31, 2018, certain distributions paid by the Funds may be subject to a maximum tax rate of 20%. The Value Fund, Income Fund and Dividend Growth Fund intend to designate up to a maximum amount of \$3,206,261, \$107,661 and \$32,968, respectively, as taxed at a maximum rate of 20%.

Tax information is reported from the Funds' fiscal year and not calendar year, therefore, shareholders should refer to their Form 1099-DIV or other tax information which will be mailed in 2019 to determine the calendar year amounts to be included on their 2018 tax returns. Shareholders should consult their own tax advisors.

On September 21, 2018, a Special Meeting of Shareholders of the Trust was held for the purpose of voting on the following proposal:

Proposal 1: To elect six Trustees to the Board of Trustees of the Trust. The Nominees are as follows:

Arthur Q. Falk  
Tom M. Wirtshafter  
Gary W. DiCenzo  
Steven D. Poppen  
Randall K. Linscott  
Thomas J. Schmidt

The total number of shares of the Trust present in person or by proxy represented approximately 67.37% of the Trust's shares entitled to vote at the Special Meeting. The shareholders of the Trust voted to approve Proposal 1. The votes cast by the Trust's shareholders with respect to Proposal 1 were as follows:

Proposal 1	For	Against	Abstain
Arthur Q. Falk	11,600,022	726	180,762
Tom M. Wirtshafter	11,600,022	726	180,762
Gary W. DiCenzo	11,600,022	726	180,762
Steven D. Poppen	11,598,966	—	180,762
Randall K. Linscott	11,600,022	—	180,762
Thomas J. Schmidt	11,600,022	—	180,762

**360 FUNDS**

4300 Shawnee Mission Parkway  
Suite 100  
Fairway, KS 66205

**INVESTMENT ADVISOR**

IMS Capital Management, Inc.  
8995 S.E. Otty Road,  
Portland, OR 97086

**ADMINISTRATOR & TRANSFER AGENT**

M3Sixty Administration, LLC  
4300 Shawnee Mission Parkway  
Suite 100  
Fairway, KS 66205

**DISTRIBUTOR**

Matrix 360 Distributors, LLC  
4300 Shawnee Mission Parkway  
Suite 100  
Fairway, KS 66205

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

BBD, LLP  
1835 Market Street  
3rd Floor  
Philadelphia, PA 19103

**LEGAL COUNSEL**

Practus, LLP  
11300 Tomahawk Creek Parkway  
Suite 310  
Leawood, KS 66211

**CUSTODIAN BANK**

Huntington National Bank  
41 South Street  
Columbus, OH 43125

This report is intended only for the information of shareholders or those who have received the Funds' prospectus which contains information about each Fund's management fee and expenses. Please read the prospectus carefully before investing.