
IMS Capital Value Fund IMS Strategic Income Fund

Annual Report

June 30, 2020

Fund Adviser:

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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.

IMS CAPITAL VALUE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
Annual Report
June 30, 2020

Dear Fellow Shareholders,

The year ended June 30, 2020 delivered mixed results for U.S. Equity markets. The returns were volatile and unevenly distributed between value, growth, large cap and small cap. In this environment, the IMS Capital Value Fund (the "Value Fund" or the "Fund") returned (7.86)% during the first half of 2020. The Fund's benchmark, the S&P 500[®] Total Return Index ("S&P 500") returned (3.08)% during the same period. For the fiscal year ended June 30, 2020, the Fund returned 0.77%. The S&P 500 returned 7.51% for the fiscal year ended June 30, 2020, as growth stocks outperformed value stocks handily over the period. The Value Fund's one-year return trailed the benchmark primarily because value stocks trailed growth stocks significantly during the period.

Investors had to navigate many obstacles over the past year. Not only were investors focused on the trade war with China, political uncertainty, and impeachment proceedings, in addition, the world was hit with the Covid-19 global pandemic and resulting worldwide recession. The Federal Reserve has been committed to the support and revival of our economy. Americans and American companies have responded with a determination to succeed, hard work and innovation. We are optimistic that our economy will recover and thrive over the next year as the election uncertainty is removed and some of the potential vaccine candidates complete their phase 3 clinical trials.

Portfolio turnover increased significantly during the period as we made adjustments to adapt to the new realities of the Covid-19 global pandemic and the resulting global, economic shutdown. For example, exposure to economically sensitive and deeply cyclical industries was reduced and companies that were positioned to benefit from the emerging "stay at home/work from home" economy were added.

The Value Fund's best performers over the past year included NVIDIA Corp. (NVDA) +131.33%, Apple, Inc. (AAPL) +84.32% and Activision Blizzard, Inc. (ATVI) +60.81%. Two of the three companies were bought years ago when their share prices were depressed and undervalued. We still see tremendous opportunities for future growth in these stocks but not without short-term volatility as we navigate through the remainder of 2020.

The Fund's worst performers included Boeing Co. (BA) -49.64%, Wells Fargo & Co. (WFC) -45.90% and General Motors Co. (GM) -34.34%. Boeing's challenges included the grounding of the 737 Max Jetliner and related job losses as well as the impact Covid-19 had on the Aerospace, Defense and consumer travel industries. Wells Fargo and General Motors were not immune to the pandemic either as the consumer was hit especially hard with lost wages, and the companies had to learn to operate with skeleton crews during the pandemic.

We seek to invest in a diversified portfolio of quality, hand-picked, undervalued value companies. Over the past 30 years, our prudent approach has been consistent and we have remained true to our style even when value investing has gone in and out of favor. We thank you for investing alongside us in the IMS Capital Value Fund as we continue to focus on *building wealth wisely*.

Sincerely,

Carl W. Marker
Portfolio Manager
IMS Capital Value Fund

INVESTMENT RESULTS – (Unaudited)

	Average Annual Total Returns (for the periods ended June 30, 2020)		
	One Year	Five Year	Ten Year
IMS Capital Value Fund*	0.77%	3.30%	7.94%
S&P 500 [®] Total Return Index **	7.51%	10.72%	13.98%

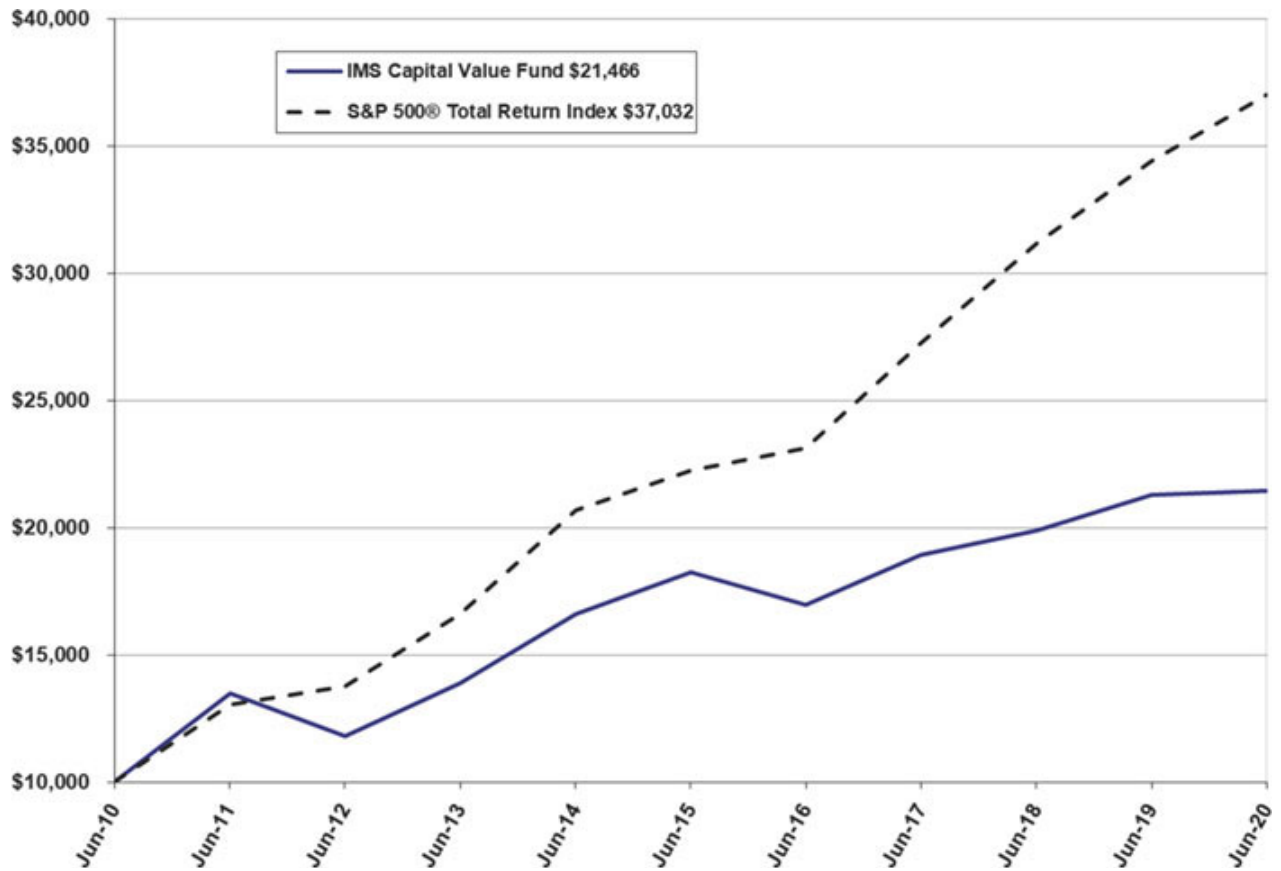
Total annual operating expenses, as disclosed in the Fund’s current prospectus dated October 28, 2019, were 1.80% of average daily net assets. The Adviser has contractually agreed to waive its management fee and/or reimburse expenses so that total annual fund operating expenses (excluding interest, taxes, 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, 2020, subject to the Adviser’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 the 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[®] Total Return 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 the S&P 500[®] Total Return Index.

Comparison of the Growth of a \$10,000 Investment in the IMS Capital Value Fund and the S&P 500® Total Return Index for the 10 Years Ended June 30, 2020 (Unaudited)



The chart above assumes an initial investment of \$10,000 made on June 30, 2010 and held through June 30, 2020. The chart also assumes reinvestment of all dividends and distributions on the reinvestment dates during the period. THE FUND'S RETURN REPRESENTS PAST PERFORMANCE AND DOES NOT GUARANTEE FUTURE RESULTS. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Investment returns and principal values will fluctuate so that your shares, when redeemed, may be worth more or less than their original purchase price.

IMS STRATEGIC INCOME FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
Annual Report
June 30, 2020

Dear Fellow Shareholders,

As of June 30, 2020, the IMS Strategic Income Fund (the "Income Fund" or the "Fund") was 66% stocks and 33% bonds. The bonds were about equally split between investment grade and high yield. During the 1-year period ending June 30, 2020, there was a flight to quality due to the global pandemic and the resulting global recession. The Dow Jones Industrial Average Total Return Index was down (0.54)% and the Bloomberg Barclay's U.S. High Yield Bond Index rose 0.03% during the period. The safest of bonds and the largest stocks such as U.S. Treasury Bonds and the largest capitalization technology growth stocks such as Apple Inc., Amazon.com, Inc., Microsoft Corp., Google and Facebook shined. The Fund had no exposure to either of these areas. In this environment, the IMS Strategic Income Fund posted an annualized return of (6.31)% with dividends reinvested. During the same period, the benchmark Bloomberg Barclay's U.S. Aggregate Bond Index ("Barclay's Bond Index") returned +8.74%.

Most of the Fund's investment grade bonds are structured corporate notes, with adjustable coupon rates. The quarterly coupon rate is a multiple of 30 year swap rate minus 2 year. The flat yield curve of 3Q 2019 had driven their coupon rates down to almost zero. With short rates now close to zero for a while, and yield curves steeper, the coupons on these bonds are increasing, along with their prices. For the three structured bonds held in the Fund for the entire year, the average price gain was 4.02% (in addition to coupons paid).

In 2019, the U.S. economy was progressing. However, when COVID-19 began spreading in the U.S. in early 2020, the Federal Reserve cut their funds rate from 1.5% to essentially 0%. With both new and huge liquidity programs for both large investment grade corporations, and even some support for the high yield bond market, March was the bottom for the stock market. This monetary support was larger than in 2009, and it was also matched with large fiscal spending to give some support to smaller businesses and individuals.

The 10 year Treasury yield started the fiscal year yielding 2.0%, and ended at 0.66%. The Fund underperformed the Barclay's Bond Index during this period primarily because it held no treasury bonds or mortgages (which are the majority of the benchmark) and did hold both high yield bonds and stocks (not in the benchmark). Also, Fund's exposure to energy (California Resources Corp, Apache), air travel/manufacturing (Bombardier, Inc., American Airlines Group, Inc., General Electric Co.), and the retail consumer industries (Nordstrom, Inc., Revlon Consumer Products Corp.) hurt performance in this environment.

The Income Fund has paid a dividend every month since the Income Fund's inception in November, 2002. The Income Fund's ability to be strategic and flexible allows us the opportunity to invest in a wide range of income-producing securities as we continue to look for the best sources of current income. We believe that our Income Fund's allocation to both dividend-paying stocks and a variety of bonds benefits shareholders over the long term. Going forward, we will be reducing our allocation to bonds and increasing our exposure to stocks, but maintaining a strategic mix. We thank you for investing alongside us in the IMS Strategic Income Fund as we continue *building wealth wisely*.

Sincerely,

Carl W. Marker
Portfolio Manager
IMS Strategic Income Fund

INVESTMENT RESULTS - (Unaudited)

	Average Annual Total Returns (for periods ended June 30, 2020)		
	One Year	Five Year	Ten Year
IMS Strategic Income Fund*	(6.31)%	(6.31)%	(2.15)%
Bloomberg Barclays U.S. Aggregate Bond Index**	8.74%	4.30%	3.82%

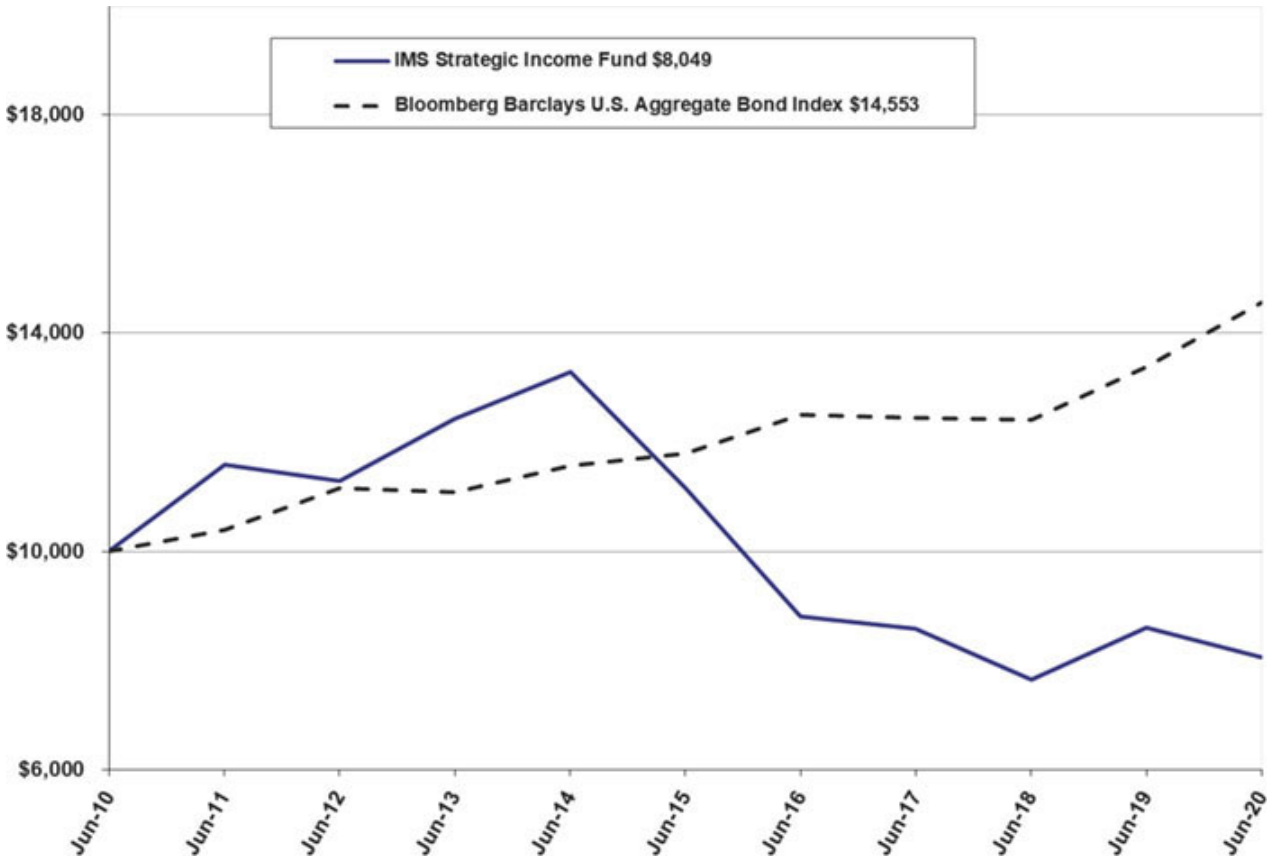
Total annual operating expenses, as disclosed in the Fund's current prospectus dated October 28, 2019, were 4.29% of average daily net assets (1.98% after fee waivers/expense reimbursements by the Adviser). The Adviser contractually agreed to waive its management fee and/or reimburse expenses so that 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, 2020, subject to the Adviser'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.

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* 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 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 annual operating expenses for the Fund, while no annual operating expenses are deducted for the Bloomberg Barclays U.S. Aggregate Bond Index.

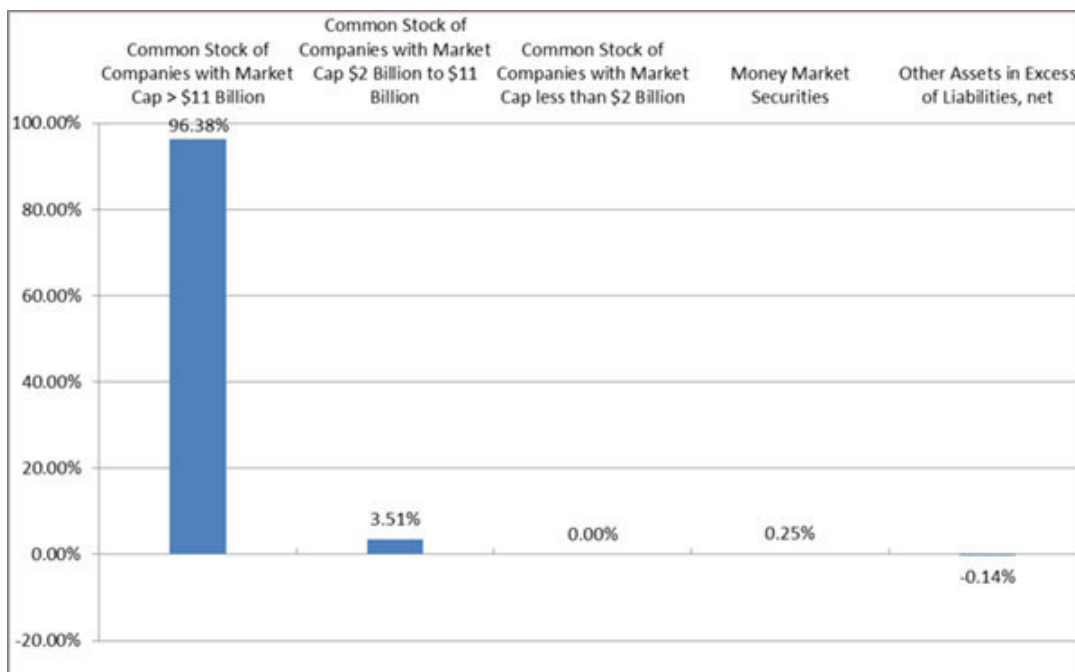
Comparison of the Growth of a \$10,000 Investment in the IMS Strategic Income Fund and the Bloomberg Barclays U.S. Aggregate Bond Index for the 10 Years Ended June 30, 2020 (Unaudited)



The chart above assumes an initial investment of \$10,000 made on June 30, 2010 and held through June 30, 2020. The chart also assumes reinvestment of all dividends and distributions on the reinvestment dates during the period. THE FUND'S RETURN REPRESENTS PAST PERFORMANCE AND DOES NOT GUARANTEE FUTURE RESULTS. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Investment returns and principal values will fluctuate so that your shares, when redeemed, may be worth more or less than their original purchase price.

FUND HOLDINGS – (Unaudited)

IMS Capital Value Fund Holdings as of June 30, 2020¹

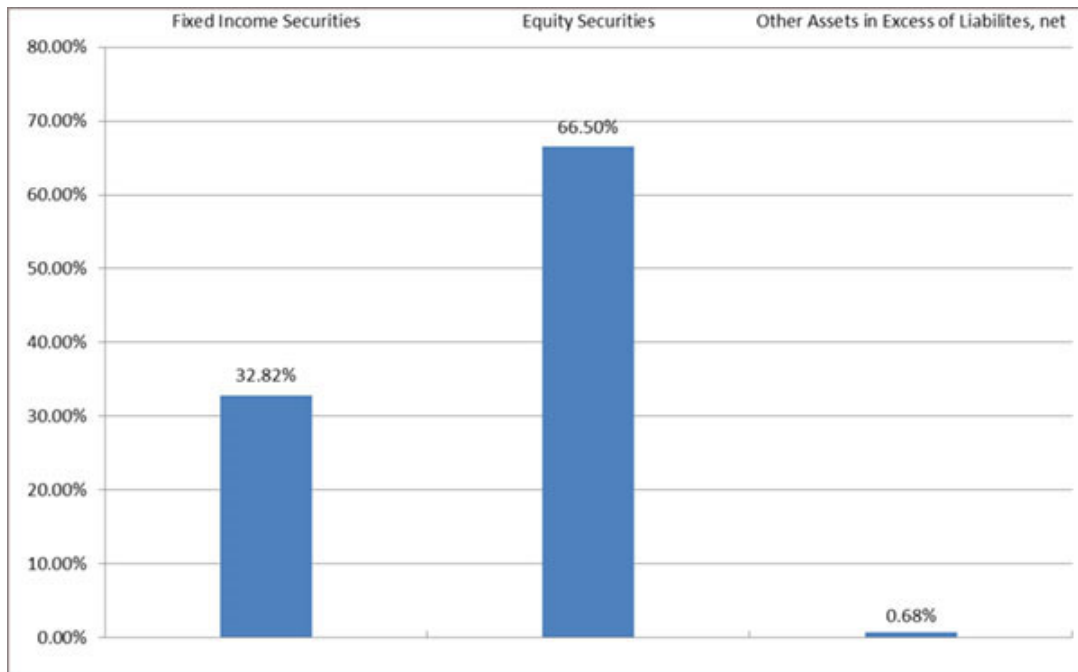


¹As a percent of net assets.

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 Adviser defines as those with a market capitalization of approximately \$2 billion to \$11 billion, and in large-cap securities, which the Adviser defines as those with a market capitalization of greater than \$11 billion.

FUND HOLDINGS – (Unaudited) (continued)

IMS Strategic Income Fund Holdings as of June 30, 2020¹



¹ 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 interest rate and index-linked structured notes, 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 Adviser 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.

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 (January 1, 2020 through June 30, 2020).

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 January 1, 2020	Ending Account Value June 30, 2020	Expenses Paid During the Period* January 1, 2020 – June 30, 2020
Capital Value Fund			
Actual (-7.86%)	\$ 1,000.00	\$ 921.40	\$ 9.51
Hypothetical**	\$ 1,000.00	\$ 1,015.00	\$ 9.97
Strategic Income Fund			
Actual (-8.13)%	\$ 1,000.00	\$ 918.70	\$ 9.35
Hypothetical**	\$ 1,000.00	\$ 1,015.10	\$ 9.82

* Expenses are equal to the Funds' annualized expense ratios, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half year period). The annualized expense ratios for the Capital Value Fund and the Strategic Income Fund were 1.99% and 1.96%, respectively.

** Assumes a 5% annual return before expenses.

IMS CAPITAL VALUE FUND
SCHEDULE OF INVESTMENTS
June 30, 2020

COMMON STOCK - 99.89%	<u>Shares</u>	<u>Value</u>
Communication Services - 10.21%		
Activision Blizzard, Inc.	5,100	\$ 387,090
Alphabet, Inc. - Class C ^(a)	445	629,057
Electronic Arts, Inc. ^(a)	3,000	396,150
Facebook, Inc. - Class A ^(a)	2,277	517,038
Netflix, Inc. ^(a)	500	227,520
Verizon Communications, Inc.	8,000	441,040
Walt Disney Co.	5,300	591,003
		<u>3,188,898</u>
Consumer Discretionary - 15.68%		
Amazon.com, Inc. ^(a)	272	750,399
Dollar Tree, Inc. ^(a)	6,400	593,152
Domino's Pizza, Inc.	1,350	498,744
General Motors Co.	20,500	518,650
Home Depot, Inc.	1,620	405,826
McDonald's Corp.	3,000	553,410
Service Corp. International	14,025	545,432
Starbucks Corp.	6,962	512,334
TJX Cos., Inc.	10,300	520,768
		<u>4,898,715</u>
Consumer Staples - 9.81%		
Altria Group, Inc.	13,200	518,100
Constellation Brands, Inc.	2,200	384,890
Costco Wholesale Corp.	1,413	428,436
Keurig Dr Pepper, Inc.	15,000	426,000
PepsiCo., Inc.	2,700	357,102
Procter & Gamble Co.	3,900	466,323
Wal-Mart Stores, Inc.	4,039	483,791
		<u>3,064,642</u>
Energy - 2.06%		
Chevron Corp.	7,200	642,456
Financials - 11.90%		
Bank of America Corp.	23,700	562,875
Charles Schwab Corp.	17,300	583,702
CME Group, Inc.	3,100	503,874
Goldman Sachs Group, Inc.	2,500	494,050
JPMorgan Chase & Co.	5,500	517,330
S&P Global, Inc.	1,800	593,064
Wells Fargo & Co.	18,100	463,360
		<u>3,718,255</u>
Health Care - 16.04%		
Abbott Laboratories	6,200	566,866
AbbVie, Inc.	7,000	687,260
CVS Health Corp.	6,800	441,796
Danaher Corp.	3,500	618,905
Edwards Lifesciences Corp. ^(a)	6,375	440,576
Gilead Sciences, Inc.	7,700	592,438
Johnson & Johnson	4,000	562,520

IMS CAPITAL VALUE FUND
SCHEDULE OF INVESTMENTS
June 30, 2020

COMMON STOCK - 99.89% (continued)	<u>Shares</u>	<u>Value</u>
Health Care - 16.04% (continued)		
Pfizer, Inc.	12,600	\$ 412,020
UnitedHealth Group, Inc.	2,340	690,183
		<u>5,012,564</u>
Industrials - 6.81%		
Boeing Co.	3,020	553,566
Lockheed Martin Corp.	1,350	492,642
Southwest Airlines Co.	16,700	570,806
United Parcel Service, Inc.	4,600	511,428
		<u>2,128,442</u>
Information Technology - 23.54%		
Adobe, Inc. ^(a)	1,600	696,496
Apple, Inc.	2,035	742,368
Cisco Systems, Inc.	15,000	699,600
Intel Corp.	10,800	646,164
International Business Machines Corp.	5,300	640,081
Microsoft Corp.	3,500	712,285
NVIDIA Corp.	1,600	607,856
PayPal Holdings, Inc. ^(a)	4,000	696,920
QUALCOMM, Inc.	7,856	716,546
Salesforce.com ^(a)	3,300	618,189
Visa, Inc. - Class A ^(a)	3,000	579,510
		<u>7,356,015</u>
Materials - 2.07%		
Newmont Corp.	10,500	648,270
Utilities - 1.77%		
Vistra Corp.	29,600	551,152
TOTAL COMMON STOCK (Cost \$27,206,409)		<u>31,209,409</u>
MONEY MARKET SECURITIES - 0.25%		
Federated Government Obligations Fund - Institutional Shares, 0.07% ^(b)	77,687	77,687
TOTAL MONEY MARKET SECURITIES (Cost \$77,687)		<u>77,687</u>
TOTAL INVESTMENTS AT VALUE (Cost \$27,284,096) - 100.14%		\$ 31,287,096
LIABILITIES IN EXCESS OF OTHER ASSETS, NET - (0.14%)		<u>(44,513)</u>
NET ASSETS - 100.00%		<u>\$ 31,242,583</u>

Percentages are stated as a percent of net assets.

^(a) Non-income producing security.

^(b) Rate shown represents the 7-day yield at June 30, 2020, 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
June 30, 2020

COMMON STOCK - 66.50%	<u>Shares</u>	<u>Value</u>
Communication Services - 6.37%		
AT&T, Inc.	5,700	\$ 172,311
Century Link, Inc.	22,300	223,669
Comcast Corp.	4,500	175,410
Verizon Communications, Inc.	3,200	176,416
		<u>747,806</u>
Consumer Discretionary - 1.00%		
H&R Block, Inc.	8,200	117,096
Consumer Staples - 16.71%		
B&G Foods, Inc.	7,200	175,536
Campbell Soup Co.	3,600	178,668
Clorox Co.	810	177,690
Coca-Cola Co.	3,400	151,912
Colgate-Palmolive Co.	2,400	175,824
Conagra Brands, Inc.	5,300	186,401
General Mills, Inc.	3,000	184,950
Philip Morris International, Inc.	2,200	154,132
Procter & Gamble Co.	1,500	179,355
Sysco Corp.	4,000	218,640
Universal Corp.	4,200	178,542
		<u>1,961,650</u>
Financials - 12.86%		
Bank of Nova Scotia	3,400	140,216
JPMorgan Chase & Co.	1,400	131,684
New York Community Bancorp, Inc.	20,400	208,080
Northern Trust Corp.	2,000	158,680
State Street Corp.	2,600	165,230
US Bancorp	9,300	342,426
Valley National Bancorp	20,000	156,400
Wells Fargo & Co.	8,100	207,360
		<u>1,510,076</u>
Health Care - 10.37%		
AbbVie, Inc.	2,000	196,360
Bristol-Myers Squibb Co.	3,000	176,400
Cardinal Health, Inc.	3,200	167,008
Gilead Sciences, Inc.	2,000	153,880
Merck & Co, Inc.	2,000	154,660
Patterson Cos., Inc.	7,300	160,600
Pfizer, Inc.	6,400	209,280
		<u>1,218,188</u>
Industrials - 1.51%		
Caterpillar, Inc.	1,400	177,100
Information Technology - 7.65%		
Broadcom, Inc.	590	186,210
Cisco Systems, Inc.	3,200	149,248
Hewlett Packard Enterprise Co.	16,400	159,572
HP, Inc.	10,700	186,501
International Business Machines Corp.	1,800	217,386
		<u>898,917</u>

IMS STRATEGIC INCOME FUND
SCHEDULE OF INVESTMENTS
June 30, 2020

COMMON STOCK - 66.50% (continued)	<u>Shares</u>	<u>Value</u>
Materials - 4.77%		
Dow, Inc.	5,400	\$ 220,104
Nucor Corp.	8,200	339,562
		<u>559,666</u>
Utilities - 5.26%		
Duke Energy Corp.	2,400	191,736
Portland General Electric Co.	3,200	133,792
PPL Corp.	5,700	147,288
Vistra Corp.	7,800	145,236
		<u>618,052</u>
TOTAL COMMON STOCK (Cost \$7,989,714)		<u>7,808,551</u>
CORPORATE BONDS - 23.25%		
	<u>Principal Amount</u>	<u>Value</u>
American Airlines Group, Inc., 5.000%, due 06/01/2022 ^(b)	\$ 300,000	174,000
Bombardier, Inc., 6.000%, due 10/15/2022	250,000	175,000
California Resources Corp., 8.000% due 12/15/2022 ^{(b)(c)}	350,000	12,033
Citigroup Global Markets Holdings, Inc./U.S. 7.000%, due 04/16/2035	190,000	201,286
EQT Corp., 3.900%, due 10/01/2027	300,000	243,687
Ford Motor Co., 4.750%, due 01/15/2043	220,000	173,316
General Electric Co., 5.000%, Fixed to Variable Perpetual Bond ^{(a)(h)}	320,000	249,945
Genworth Holdings, Inc., 7.625%, due 09/24/2021	125,000	117,044
Mercer International, Inc. 5.500%, due 01/15/2026	200,000	188,000
Nordstrom, Inc., 5.000%, due 01/15/2044	200,000	141,582
Realogy Group LLC, 9.375%, due 04/01/2027	225,000	209,835
Revlon Consumer Products Corp., 5.750%, due 02/15/2021	300,000	183,000
Service Property Trust, 3.95%, due 01/15/2028	200,000	161,050
Tenneco, Inc., 5.000%, due 07/15/2026	350,000	231,000
United States Steel Corp., 6.650%, due 06/01/2037	230,000	149,500
Vector Group Ltd., 6.125%, due 02/01/2025 ^(b)	125,000	120,000
		<u>2,730,278</u>
TOTAL CORPORATE BONDS (Cost \$3,647,872)		<u>2,730,278</u>

IMS STRATEGIC INCOME FUND
SCHEDULE OF INVESTMENTS
June 30, 2020

	<u>Principal Amount</u>	<u>Value</u>
STRUCTURED NOTES - 9.57%		
Citigroup Global Markets Holdings, Inc. Callable Fixed to Float Range Accrual Note, 8.000%, 12/26/2033 ^(d)	\$ 300,000	\$ 266,040
Morgan Stanley Fixed to Floating Rate Leveraged CMS and Index Linked Note, 3.4305%, 08/30/2028 ^{(a) (e)}	350,000	280,000
Natixis US Medium-Term Note Program LLC Callable Fixed to Floating Capped Range Accrual Note, 4.8692%, 10/31/2034 ^{(a) (f)}	500,000	338,750
Societe Generale SA Callable Fixed to Floating Rate CMS and Index Linked Note, 10.000%, 06/28/2034 - France ^(g)	325,000	238,420
TOTAL STRUCTURED NOTES (Cost \$1,458,550)		<u>1,123,210</u>
TOTAL INVESTMENTS AT VALUE (Cost \$13,096,136) - 99.32%		\$ 11,662,039
OTHER ASSETS IN EXCESS OF LIABILITIES, NET - 0.68%		<u>80,428</u>
NET ASSETS - 100.00%		<u>\$ 11,742,467</u>

Percentages are stated as a percent of net assets.

^(a) Variable rate security. Rate shown represents the rate in effect at June 30, 2020.

^(b) 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.

^(c) Issue is in default.

^(d) On each coupon payment date occurring during the first year following issuance of the securities, the securities will pay a fixed coupon of 8.00% per annum, regardless of the CMS spread or the level of the underlying indices. Beginning in March 2020, the variable coupon rate will be determined as follows: Contingent rate of 8.000% multiplied by the number of days the accrual condition is met divided by the number of days in the accrual period, subject to the Maximum Interest Rate of 8.000% and the Minimum Interest Rate of 0.000%. The accrual condition will be satisfied on an elapsed day if, and only if, (i) the CMS spread is greater than the CMS spread barrier on that elapsed day and (ii) the closing level of each underlying index is greater than or equal to its accrual barrier level on that elapsed day.

^(e) 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.

^(f) 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.

^(g) For each Interest Period commencing on or after the Original Issue Date through January 2021 (the "Fixed Rate Period"), the interest rate per annum will be equal to the Fixed Interest Rate of 10.000%. For each Interest Period beginning in January 2021 (the "Floating Rate Period"), the interest rate per annum will be equal to the product of (a) the 30-Year Constant Maturity Swap Rate minus the 2-Year Constant Maturity Swap Rate multiplied by the number of days the accrual condition is met divided by the number of days in the accrual period and (b) the Multiplier rate of 50, subject to the Maximum Interest Rate of 10.000% and the Minimum Interest Rate of 0.000%. The accrual condition is satisfied on days where RTY and SX7E are greater than or equal to 60% of the initial index level.

^(h) With respect to the Fixed Rate Period ending January 21, 2021, interest will be paid at a rate of 5.00% per annum, payable semi-annually. Effective January 21, 2021, interest will be paid based on a floating rate equal to three-month LIBOR plus 3.33% per annum, payable quarterly.

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

IMS FAMILY OF FUNDS
STATEMENTS OF ASSETS AND LIABILITIES
June 30, 2020

	IMS Capital Value Fund	IMS Strategic Income Fund
Assets:		
Investments in securities:		
At cost	\$ 27,284,096	\$ 13,096,136
At value	\$ 31,287,096	\$ 11,662,039
Cash	—	1,463
Receivables:		
Interest	31	55,094
Dividends	14,826	46,219
Prepaid expenses	7,769	7,571
Total assets	31,309,722	11,772,386
Liabilities:		
Payables:		
Line of credit borrowings	—	6,758
Fund shares redeemed	10,912	—
Due to Adviser	29,985	1,111
Due to administrator, fund accountant and transfer agent	7,556	3,472
Accrued expenses	18,686	18,578
Total liabilities	67,139	29,919
Net Assets	\$ 31,242,583	\$ 11,742,467
Net Assets consist of:		
Paid-in capital	\$ 26,573,257	\$ 36,706,117
Total distributable earnings (accumulated deficit)	4,669,326	(24,963,650)
Total Net Assets	\$ 31,242,583	\$ 11,742,467
Shares outstanding (unlimited number of shares authorized, no par value)	1,388,325	5,112,852
Net asset value and offering price per share	\$ 22.50	\$ 2.30
Minimum redemption price per share ^(a)	\$ 22.39	\$ 2.29

^(a) 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 Year Ended June 30, 2020

	IMS Capital Value Fund	IMS Strategic Income Fund
Investment income:		
Dividends (net of foreign withholding taxes of \$0 and \$228, respectively)	\$ 610,567	\$ 267,061
Interest	21,347	407,747
Total investment income	631,914	674,808
Expenses:		
Investment Adviser fees ^(a)	357,634	99,588
Accounting, administration and transfer agent fees and expenses ^(a)	97,928	89,678
Registration expenses	5,476	6,769
Trustee expenses	25,114	27,514
Audit expenses	13,000	13,000
Miscellaneous expenses	8,479	5,636
Custodian expenses	8,018	5,332
Legal expenses	6,049	6,049
Shareholder networking fees	6,360	1,664
Interest expenses	1,616	529
Pricing expenses	7,060	12,489
Insurance expenses	2,585	1,175
Printing expenses	6,306	6,303
Liquidity Rule expenses	10,290	10,290
Total expenses	555,915	286,016
Less: Fees waived and expenses reimbursed by Adviser ^(a)	—	(115,540)
Less: Fees waived by administrator ^(a)	—	(15,667)
Net expenses	555,915	154,809
Net Investment Income	75,999	519,999
Realized and unrealized gain (loss) on investment securities:		
Net realized gain (loss) on investment securities	769,332	(1,029,136)
Change in unrealized depreciation on investment securities	(630,121)	(87,854)
Net realized and unrealized gain (loss) on investment securities	139,211	(1,116,990)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ 215,210	\$ (596,991)

^(a) See Note 4 in the Notes to Financial Statements.

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

IMS CAPITAL VALUE FUND
STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended June 30, 2020	Year Ended June 30, 2019
Increase (Decrease) in Net Assets due to:		
Operations:		
Net investment income (loss)	\$ 75,999	\$ (31,750)
Net realized gain on investment securities	769,332	1,561,393
Change in unrealized appreciation (depreciation) on investment securities	(630,121)	489,146
Net increase in net assets resulting from operations	<u>215,210</u>	<u>2,018,789</u>
Distributions to shareholders from:		
Total distributable earnings	(1,530,350)	(3,206,262)
Total Distributions	<u>(1,530,350)</u>	<u>(3,206,262)</u>
Capital share transactions:		
Proceeds from shares purchased	3,413,602	200,587
Reinvestment of distributions	1,507,069	3,158,798
Amount paid for shares redeemed	(2,734,633)	(5,482,597)
Proceeds from redemption fees	33	13
Net increase (decrease) in net assets from share transactions	<u>2,186,071</u>	<u>(2,123,199)</u>
Total Increase (Decrease) in Net Assets	870,931	(3,310,672)
Net Assets:		
Beginning of year	<u>30,371,652</u>	<u>33,682,324</u>
End of year	<u>\$ 31,242,583</u>	<u>\$ 30,371,652</u>
Capital Share Transactions		
Shares purchased	148,369	8,746
Shares issued in reinvestment of distributions	62,199	160,345
Shares redeemed	(116,464)	(235,860)
Net increase (decrease) in capital shares	<u>94,104</u>	<u>(66,769)</u>

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

IMS STRATEGIC INCOME FUND
STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended June 30, 2020	Year Ended June 30, 2019
Increase (Decrease) in Net Assets due to:		
Operations:		
Net investment income	\$ 519,999	\$ 210,978
Net realized loss on investment securities	(1,029,136)	(823,906)
Change in unrealized appreciation (depreciation) on investment securities	(87,854)	1,025,534
Net increase (decrease) in net assets resulting from operations	<u>(596,991)</u>	<u>412,606</u>
Distributions to shareholders from:		
Total distributable earnings	(483,725)	(207,454)
Total Distributions	<u>(483,725)</u>	<u>(207,454)</u>
Capital share transactions:		
Proceeds from shares purchased	7,410,959	3,123,941
Reinvestment of distributions	464,385	193,223
Amount paid for shares redeemed	(967,512)	(1,537,861)
Proceeds from redemption fees	1,076	2,313
Net increase in net assets from share transactions	<u>6,908,908</u>	<u>1,781,616</u>
Total Increase in Net Assets	5,828,192	1,986,768
Net Assets:		
Beginning of year	<u>5,914,275</u>	<u>3,927,507</u>
End of year	<u>\$ 11,742,467</u>	<u>\$ 5,914,275</u>
Capital Share Transactions		
Shares purchased	3,047,727	1,206,276
Shares issued in reinvestment of distributions	193,445	77,284
Shares redeemed	(391,184)	(625,652)
Net increase in capital shares	<u>2,849,988</u>	<u>657,908</u>

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

	For the Years Ended				
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Net Asset Value, Beginning of Year	\$ 23.47	24.75	\$ 24.05	\$ 21.52	\$ 23.16
Investment Operations:					
Net investment income (loss)	0.06	(0.02)	(0.00) ^(a)	0.02	(0.04)
Net realized and unrealized gain (loss) on investments	0.21	1.27	1.22	2.51	(1.60)
Total from investment operations	0.27	1.25	1.22	2.53	(1.64)
Less Distributions to Shareholders:					
From net investment income	—	—	(0.02)	—	—
From net realized capital gains	(1.24)	(2.53)	(0.50)	—	—
Total distributions	(1.24)	(2.53)	(0.52)	—	—
Paid in capital from redemption fees ^{(a) (d)}	0.00	0.00	0.00	0.00	0.00
Net Asset Value, End of Year	\$ 22.50	23.47	\$ 24.75	\$ 24.05	\$ 21.52
Total Return^(b)	0.77%	6.99%	5.05%	11.76%	(7.08)%
Ratios/Supplemental Data					
Net assets, end of year (in 000's)	\$ 31,243	30,372	\$ 33,682	\$ 40,707	\$ 38,683
Ratio of expenses to average net assets:	1.88% ^(c)	1.80% ^(c)	1.74% ^(c)	1.69%	1.69%
Ratio of net investment income (loss) to average net assets:	0.26% ^(c)	(0.10)% ^(c)	(0.01)% ^(c)	0.08%	(0.19)%
Portfolio turnover rate	263.64%	17.29%	40.01%	84.33%	64.78%

(a) Net investment loss and 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 years ended June 30, 2018, June 30, 2019 and June 30, 2020.

(d) The average shares method was used to calculate redemption fees.

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

	For the Years Ended				
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Net Asset Value, Beginning of Year	\$ 2.61	\$ 2.45	\$ 2.93	\$ 3.27	\$ 4.53
Investment Operations:					
Net investment income	0.15	0.13	0.19	0.24	0.35
Net realized and unrealized gain (loss) on investments and foreign currency ^(a)	(0.31)	0.16	(0.49)	(0.32)	(1.28)
Total from investment operations	(0.16)	0.29	(0.30)	(0.08)	(0.93)
Less Distributions to Shareholders:					
From net investment income	(0.15)	(0.13)	(0.18)	(0.26)	(0.33)
Total distributions	(0.15)	(0.13)	(0.18)	(0.26)	(0.33)
Paid in capital from redemption fees ^{(b)(c)}	0.00	0.00	0.00	0.00	0.00
Net Asset Value, End of Year	\$ 2.30	\$ 2.61	\$ 2.45	\$ 2.93	\$ 3.27
Total Return^(c)	(6.31)%	12.22%	(10.71)%	(2.69)%	(20.99)%
Ratios/Supplemental Data					
Net assets, end of year (in 000's)	\$ 11,742	\$ 5,914	\$ 3,928	\$ 5,580	\$ 8,865
Ratio of expenses to average net assets: ^(d)	1.96%	1.98%	2.02%	1.98%	1.98%
Ratio of expenses to average net assets before waiver & reimbursement: ^(d)	3.62%	4.29%	3.36%	2.93%	2.25%
Ratio of net investment income to average net assets: ^(d)	6.58%	5.27%	6.99%	7.83%	9.13%
Ratio of net investment income to average net assets before waiver & reimbursement: ^(d)	4.92%	2.95%	5.64%	6.87%	8.85%
Portfolio turnover rate	390.29%	728.46%	758.79%	505.62%	394.23%

(a) 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.

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

(c) 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.

(d) The ratios include 0.03% of interest expense during the year ended June 30, 2016, 0.04% of interest expense during the year ended June 30, 2017, 0.07% of interest expense during the year ended June 30, 2018, 0.03% of interest expense during the year ended June 30, 2019 and 0.01% of interest expense during the year ended June 30, 2020.

(e) The average shares method was used to calculate redemption fees.

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

IMS FAMILY OF FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
June 30, 2020

NOTE 1. ORGANIZATION

The IMS Family of Funds (the “Funds”), comprising the IMS Capital Value Fund (the “Value Fund”) and the IMS Strategic Income Fund (the “Income 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 adviser of each Fund is IMS Capital Management, Inc. (the “Adviser”).

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.

Federal Income Taxes – 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.

Management has evaluated the Funds’ tax positions taken on Federal income tax returns for all open tax years (tax years ended June 30, 2017, June 30, 2018 and June 30, 2019) and expected to be taken during the year ended June 30, 2020, and has concluded that no provision for income tax is required in these financial statements. As of and during the year ended June 30, 2020, 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 statements of operations. During the year ended June 30, 2020, 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.

IMS FAMILY OF FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
June 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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 Adviser, if the Adviser’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.

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 intends to distribute substantially all of its net investment income as dividends to its 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.

There were no reclassifications to the components of net assets during the year ended June 30, 2020.

IMS FAMILY OF FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
June 30, 2020

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.

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 Adviser 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.

IMS FAMILY OF FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
June 30, 2020

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

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, structured notes, and foreign bonds denominated in U.S. dollars, when valued using market quotations in an active market, will be categorized as Level 2 securities. However, they may be valued on the basis of prices furnished by a pricing service when the Adviser 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 Adviser 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 Adviser, 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. The Adviser 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.

In accordance with the Trust's good faith pricing guidelines, the Adviser 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 Adviser 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 Adviser'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 Adviser 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 Adviser and report to the Board on securities being fair valued or manually priced. The Lead Chairman and Trustee for the 360 Funds, along with the Funds' Principal Financial Officer and Chief Compliance Officer are members of the Valuation Committee which meets at least monthly or, as required, to review the interim actions and coordination with the Adviser 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 Lead 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.

IMS FAMILY OF FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
June 30, 2020

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

The following is a summary of the inputs used to value the Value Fund's investments as of June 30, 2020:

Investments at Value	Valuation Inputs			Total
	Level 1 – Quoted Prices in Active Markets	Level 2 – Other Significant Observable Inputs	Level 3 – Significant Unobservable Inputs	
Common Stock*	\$ 31,209,409	\$ —	\$ —	\$ 31,209,409
Money Market Securities	77,687	—	—	77,687
Total	\$ 31,287,096	\$ —	\$ —	\$ 31,287,096

* Refer to the Schedule of Investments for industry classifications.

The following is a summary of the inputs used to value the Income Fund's investments as of June 30, 2020:

Investments at value	Valuation Inputs			Total
	Level 1 – Quoted Prices in Active Markets	Level 2 – Other Significant Observable Inputs	Level 3 – Significant Unobservable Inputs	
Common Stock*	\$ 7,808,551	\$ —	\$ —	\$ 7,808,551
Corporate Bonds	—	2,730,278	—	2,730,278
Structured Notes	—	1,123,210	—	1,123,210
Total	\$ 7,808,551	\$ 3,853,488	\$ —	\$ 11,662,039

The Value Fund and the Income 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 and the Income Fund did not hold any derivative instruments during the reporting period. The Value Fund and the Income Fund recognize transfers between fair value hierarchy levels at the end of the reporting period.

* Refer to the Schedule of Investments for industry classifications.

IMS FAMILY OF FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
June 30, 2020

NOTE 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES

The Adviser serves as investment adviser to the Funds pursuant to an Investment Advisory Agreement (the “Advisory Agreement”) with the Trust. Pursuant to the Advisory Agreement, the Adviser 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.

The Adviser has 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 Funds’ 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 Funds’ average daily net assets through October 31, 2020, subject to the Adviser’s right to recoup payments on a rolling three-year basis so long as the payment would not exceed the 1.95% expense cap.

Under the terms of the Advisory Agreement, the Funds are obligated to pay the Adviser 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 recoups, and expenses reimbursed during the year ended June 30, 2020, as well as amounts due to the Adviser at June 30, 2020.

	Value Fund	Income Fund
Management fee under Advisory Agreement (as a percentage of average net assets)	1.21%	1.26%
Expense limitation (as a percentage of average net assets)	1.95%	1.95%
Management fees earned	\$ 357,634	\$ 99,588
Fees waived and expenses reimbursed	\$ —	\$ (115,540)
Payable to Adviser	\$ 29,985	\$ 1,111

Each waiver or reimbursement by the Adviser is subject to repayment by the Funds within the three fiscal years from the time 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 pursuant to the aforementioned conditions, are as follows:

Fund	Amount	Expires June 30,
Income Fund	\$ 65,700	2021
Income Fund	\$ 81,754	2022
Income Fund	\$ 115,540	2023

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

IMS FAMILY OF FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
June 30, 2020

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; (j) maintaining shareholder account records.

For the year ended June 30, 2020, the Funds accrued servicing fees, including out of pocket expenses, as follows:

Fund	Service Fees
Value Fund	\$ 97,928
Income Fund	\$ 89,678

M3Sixty has also agreed to voluntarily waive certain fees until certain thresholds are met by the Funds. During the year ended June 30, 2020, M3Sixty waived fees as follows:

Fund	Service Fees Waived
Value Fund	\$ —
Income Fund	\$ 15,667

Certain officers and a Trustee of the Trust are also employees and/or officers 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 the year ended June 30, 2020.

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

NOTE 5. LINE OF CREDIT

During the year ended June 30, 2020, 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 investments at value. Total borrowings for the Funds cannot exceed \$2,000,000 at any time. The current agreement expires on September 6, 2020.

IMS FAMILY OF FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
June 30, 2020

NOTE 5. LINE OF CREDIT (continued)

	Value Fund	Income Fund
Maximum available bank line of credit as of June 30, 2020	\$ 2,000,000	\$ 1,166,204
Average borrowings for the year	\$ 254,129	\$ 199,890
Average interest rate for the year	2.651%	1.989%
Highest balance drawn during the year	\$ 2,000,000	\$ 349,525
Interest rate at June 30, 2020	1.674%	1.674%
Line of credit borrowing at June 30, 2020	\$ —	\$ 6,758

NOTE 6. INVESTMENTS

For the year ended June 30, 2020 purchases and sales of investment securities, other than short-term investments and short-term U.S. government obligations were as follows:

	Value Fund	Income Fund
Purchases		
Other	\$ 75,494,828	\$ 34,982,236
Sales		
Other	\$ 74,373,543	\$ 27,321,948

As of June 30, 2020, the net unrealized appreciation (depreciation) of investments for tax purposes was as follows:

	Value Fund	Income Fund
Gross Appreciation	\$ 4,876,002	\$ 116,198
Gross (Depreciation)	(964,745)	(1,577,000)
Net Appreciation (Depreciation) on Investments	\$ 3,911,257	\$ (1,460,802)
Tax Cost	\$ 27,375,839	\$ 13,122,841

The difference between book basis and tax basis unrealized appreciation (depreciation) of the Funds' investments is primarily attributable to the tax deferral of losses on wash sales.

IMS FAMILY OF FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
June 30, 2020

NOTE 7. 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 June 30, 2020, NFS LLC (“NFS”) held, for the benefit of its customers, 39.13% of the Value Fund and 35.22% of the Income Fund. As a result, NFS may be deemed to control the Value Fund and the Income Fund. As of June 30, 2020, TD Ameritrade, Inc. (“Ameritrade”) held, for the benefit of its customers, 31.02% of the Value Fund and 50.30% of the Income Fund. As a result, Ameritrade may be deemed to control the Value Fund and the Income Fund.

NOTE 8. DISTRIBUTIONS TO SHAREHOLDERS

Value Fund – For the fiscal year ended June 30, 2020, the Value Fund paid distributions totaling \$1.239437 per share.

The tax characterization of distributions for the fiscal year ended June 30, 2020 and for the fiscal year ended June 30, 2019 was as follows:

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019
Distributions paid from:		
Ordinary Income	\$ 552,132	\$ 609,750
Long-term Capital Gains	978,218	2,596,512
Total Distributions paid	<u>\$ 1,530,350</u>	<u>\$ 3,206,262</u>

Income Fund – For the fiscal year ended June 30, 2020, the Income Fund paid monthly distributions totaling \$0.150 per share.

The tax characterization of distributions for the fiscal year ended June 30, 2020 and for the fiscal year ended June 30, 2019 was as follows:

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019
Distributions paid from:		
Ordinary Income	\$ 483,725	\$ 207,454
Total Distributions paid	<u>\$ 483,725</u>	<u>\$ 207,454</u>

The Funds’ tax basis distributable earnings are determined only at the end of each fiscal year. As of June 30, 2020, the components of distributable earnings (accumulated deficit) on a tax basis were as follows:

	Value Fund	Income Fund
Undistributed net investment income	\$ 51,454	\$ 49,239
Deferred capital and other losses	—	(957,137)
Accumulated realized capital gains (losses)	706,615	(22,594,950)
Net unrealized appreciation (depreciation)	3,911,257	(1,460,802)
	<u>\$ 4,669,326</u>	<u>\$ (24,963,650)</u>

IMS FAMILY OF FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
June 30, 2020

NOTE 8. DISTRIBUTIONS TO SHAREHOLDERS (continued)

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 "Deferred capital and other losses" above.

As of June 30, 2020, deferred capital and other losses noted above consist of:

	Post-October Capital Losses	Late Year Ordinary Losses
Value Fund	\$ —	\$ —
Income Fund	957,137	—

NOTE 9. CAPITAL LOSS CARRYFORWARDS

At June 30, 2020, for federal income tax purposes, the Funds have capital loss carryforwards, in the following amounts:

	Value Fund	Income Fund
No expiration – short term	\$ —	\$ 8,582,576
No expiration – long term	—	14,012,374
	<u>\$ —</u>	<u>\$ 22,594,950</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. During the year ended June 30, 2020, the Funds did not utilize any capital loss carryforwards.

NOTE 10. STRUCTURED NOTES

The Income Fund may invest in certain structured products, including interest rate or index-linked notes. The risk of an investment in a structured product depends primarily on the type of collateral securities and the class of the structured product in which the Fund invest. In addition to the standard interest rate, default and other risks of fixed income securities, structured products carry additional risks, including the possibility that distributions from collateral securities will not be adequate to make interest or other payments, the quality of the collateral may decline in value or default, the Fund may invest in structured products that are subordinate to other classes, values may be volatile, and disputes with the issuer may produce unexpected investment results.

At June 30, 2020, the aggregate value of such securities amounted to \$1,123,210 and the value amounts to 9.57% of the net assets of the Income Fund.

IMS FAMILY OF FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
June 30, 2020

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 Adviser 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 June 30, 2020, the aggregate value of such securities amounted to \$306,033 and the value amounts to 2.61% of the net assets of the Income Fund.

	<u>Acquisition Date</u>	<u>Principal Amount</u>	<u>Amortized Cost</u>	<u>Value</u>
American Airlines Group, 5% due 06/01/2022, 144A	3/05/2020	\$ 300,000	\$ 297,409	\$ 174,000
California Resources Corp., 8% due 12/15/2022, 144A	4/17/2019	350,000	306,335	12,033
Vector Group Ltd., 6.125%, due 02/01/2025, 144A	6/05/2019	125,000	116,974	120,000
			<u>\$ 720,718</u>	<u>\$ 306,033</u>

NOTE 12. SUBSEQUENT EVENTS

On July 15, 2020, the Income Fund declared a dividend of \$51,111, which was payable on July 15, 2020.

On August 17, 2020, the Income Fund declared a dividend of \$51,256 which was payable on August 17, 2020.

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)
June 30, 2020

NOTE 14. RECENT MARKET EVENTS

An outbreak of an infectious respiratory illness caused by a novel coronavirus known as COVID-19 was first detected in China in December 2019 and has now been detected globally. This coronavirus has resulted in travel and border restrictions, quarantines, curfews and restrictions on large gatherings, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations and supply chain disruptions, which have caused lower consumer demand of a wide range of products and services and disruptions in manufacturing and supply chains, as well as general concern and uncertainty. While governments have already taken unprecedented action to limit disruption to the financial system, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of and subsequent intervening measures intended to limit the spread of COVID-19. The spread of COVID-19 has adversely affected the economies of many nations and the entire global economy, in general. The full extent of the impact of COVID-19 on the Funds' performance cannot be determined at this time and will depend on future developments, including the duration and the continued spread of the outbreak.



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees of 360 Funds
and the Shareholders of IMS Capital Value Fund and IMS Strategic Income Fund

Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities of IMS Capital Value Fund and IMS Strategic Income Fund, each a series of shares of beneficial interest in 360 Funds (the “*Funds*”), including the schedules of investments, as of June 30, 2020, and the related statements of operations for the year then ended and the statements of changes in net assets and the financial highlights for each of the years in the two-year period then ended, and the related notes (collectively referred to as the “*financial statements*”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Funds as of June 30, 2020, and the results of their operations for the year then ended, and the changes in their net assets and financial highlights for each of the years in the two-year period then ended, in conformity with accounting principles generally accepted in the United States of America. The financial highlights for each of the years in the two-year period ended June 30, 2018, were audited by other auditors, whose report dated August 28, 2018, expressed an unqualified opinion on such financial highlights. The financial highlights for the year ended June 30, 2016 were audited by other auditors, whose report dated August 29, 2016, expressed an unqualified opinion on such financial highlights.

Basis for Opinion

These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on the Funds' financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“*PCAOB*”) and are required to be independent with respect to the Funds in accordance with the U.S. federal securities law and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Funds are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2020 by correspondence with the custodian. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

BBD, LLP

BBD, LLP

We have served as the auditor of one or more of the Funds in the 360 Funds since 2018.

Philadelphia, Pennsylvania

August 27, 2020

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.

Trustees and Officers. Following are the Trustees and Officers of the Trust, their age and address, their present position with the Trust or the Funds, and their principal occupation during the past five years. As described above under “Description of the Trust”, each of the Trustees of the Trust will generally hold office indefinitely. The Officers of the Trust will hold office indefinitely, except that: (1) any Officer may resign or retire and (2) any Officer may be removed any time by written instrument signed by at least two-thirds of the number of Trustees prior to such removal. In case a vacancy or an anticipated vacancy on the Board of Trustees shall for any reason exist, the vacancy shall be filled by the affirmative vote of a majority of the remaining Trustees, subject to certain restrictions under the 1940 Act. Those Trustees who are “interested persons” (as defined in the 1940 Act) by virtue of their affiliation with either the Trust or the Adviser, are indicated in the table. The address of each trustee and officer is 4300 Shawnee Mission Parkway, Suite 100, Fairway, KS 66205.

Name, Address and Year of Birth (“YOB”)	Position(s) Held with Trust	Length of Service	Principal Occupation(s) During Past 5 Years	Number of Series Overseen	Other Directorships During Past 5 Years
Independent Trustees					
Arthur Q. Falk YOB : 1937	Trustee	Since 2011	Retired.	Seven	None
Tom M. Wirtshafter YOB : 1954	Trustee	Since 2011	Senior Vice President, American Portfolios Financial Services, (broker-dealer), American Portfolios Advisors (investment Advisor) (2009-Present).	Seven	None
Gary W. DiCenzo YOB: 1962	Trustee and Independent Chairman	Since 2014 Since 2019	Partner, Cognios Capital (investment management firm) (2015-2020) Chief Executive officer 2015-2019; President and CEO, IMC Group, LLC (asset management firm consultant) (2010-2015).	Seven	FNEX Ventures (2018-present)
Steven D. Poppen YOB : 1968	Trustee	Since 2018	Executive Vice President and Chief Financial Officer, Minnesota Vikings (professional sports organization) (1999-present).	Seven	M3Sixty Funds Trust (3 portfolios) (2015 – present); FNEX Ventures (2018-present)
Thomas J. Schmidt YOB: 1963	Trustee	Since 2018	Principal, Tom Schmidt & Associates Consulting, LLC (2015-Present)	Seven	FNEX Ventures (2018-present)
Interested Trustee*					
Randall K. Linscott YOB: 1971	President	Since 2013	Chief Executive Officer, M3Sixty Administration, LLC (2013 – present)	Seven	M3Sixty Funds Trust (3 portfolios) (2015 – present)

* The Interested Trustee is an Interested Trustee because he is Chief Executive Officer and principal owner of M3Sixty Administration, LLC, the Fund's administrator and transfer agent.

TRUSTEES AND OFFICERS – (Unaudited)(continued)

Name, Address and Year of Birth (“YOB”)	Position(s) Held with Trust	Length of Service	Principal Occupation(s) During Past 5 Years	Number of Series Overseen	Other During Past 5 Years	Directorships
Officers						
Andras P. Teleki YOB: 1971	Chief Compliance Officer and Secretary	Since 2015	Chief Legal Officer, M3Sixty Administration, LLC, M3Sixty Holdings, LLC, Matrix 360 Distributors, LLC and M3Sixty Advisors, LLC (2015-present); Chief Compliance Officer and Secretary, M3Sixty Funds Trust (2016-present); Chief Compliance Officer and Secretary, WP Trust (2016-present); Secretary and Assistant Treasurer.	N/A	N/A	
Brandon J. Byrd YOB: 1981	Assistant Secretary and Anti-Money Laundering Officer Vice President	Since 2013 Since 2018	Chief Operating Officer, M3Sixty Administration, LLC (2013-present); Anti-Money Laundering Compliance Officer, Monteagle Funds (2015-2016).	N/A	N/A	
Larry E. Beaver, Jr.** YOB: 1969	Assistant Treasurer	Since 2017	Fund Accounting, Administration and Tax Officer, M3Sixty Administration, LLC (2017-Present); Director of Fund Accounting & Administration, M3Sixty Administration, LLC (2005-2017); Chief Accounting Officer, Amidex Funds, Inc. (2003-Present); Assistant Treasurer, Capital Management Investment Trust (July 2017-July 2018); Assistant Treasurer, M3Sixty Funds Trust (July 2017-Present); Assistant Treasurer, WP Funds Trust (July 2017-Present); Treasurer and Assistant Secretary, Capital Management Investment Trust (2008-July 2017); Treasurer, 360 Funds Trust (2007-2017); Treasurer, M3Sixty Funds Trust (2015-July 2017); Treasurer, WP Trust (2015-July 2017); Treasurer and Chief Financial Officer, Monteagle Funds (2008-2016).	N/A	N/A	
John H. Lively YOB: 1969	Assistant Secretary	Since 2017	Attorney, Practus, LLP (law firm) (2010-present).	N/A	N/A	
Ted L. Akins YOB: 1974	Assistant Secretary	Since 2018	Vice President of Operations, M3Sixty Administration, LLC (2012-present).	N/A	N/A	

** Effective December 28, 2018, Larry E. Beaver, Jr. was assigned as Interim Treasurer until a new Treasurer is appointed by the Board.

TRUSTEES AND OFFICERS – (Unaudited)(continued)

Name, Address and Year of Birth (“YOB”)	Position(s) Held with Trust	Length of Service	Principal Occupation(s) During Past 5 Years	Number of Series Overseen	Other Directorships During Past 5 Years
Officers (continued)					
Bo J. Howell YOB: 1981	Assistant Secretary	Since 2020	Partner, Practus LLP (2018-present); CEO of Joot (2018-present); Director Of Fund Administration, Ultimus Fund Solutions, LLC (2014-2018).	NA	NA

Remuneration Paid to Trustees and Officers - Officers of the Trust and Trustees who are “interested persons” of the Trust or the Adviser 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” (an “Independent Trustee”) receives a \$5,000 annual retainer (paid quarterly). In addition, each Independent Trustee receives, on a per fund basis: (i) a fee of \$1,500 per fund each year (paid quarterly); (ii) a fee of \$200 per Board meeting attended; and (iii) a fee of \$200 per committee meeting attended. The Trust reimburses each Trustee for travel and other expenses incurred in connection with, and/or related to, the performance of their obligations as a Trustee. Officers of the Trust are also reimbursed for travel and other expenses relating to their attendance at Board meetings.

Name of Trustee ¹	Aggregate Compensation From the IMS Family of Funds ²	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 ²
Independent Trustees				
Arthur Q. Falk	\$ 9,842	None	None	\$ 9,842
Tom M. Wirtshafter	\$ 9,042	None	None	\$ 9,042
Gary W. DiCenzo	\$ 9,842	None	None	\$ 9,842
Steven D. Poppen	\$ 9,042	None	None	\$ 9,042
Thomas J. Schmidt	\$ 9,842	None	None	\$ 9,842
Interested Trustee				
Randall K. Linscott	None	None	None	None

¹ Each of the Trustees serves as a Trustee to two (2) IMS Family of Funds of the Trust. The Trust currently offers eight (8) series of shares.

² Figures are for the year ended June 30, 2020.

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

Prior to March 31, 2020, the Fund filed its complete schedules of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov>.

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 SEC'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 SEC'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 year ended June 30, 2020, certain distributions paid by the Funds may be subject to a maximum tax rate of 20%. The Value Fund and Income Fund intend to designate up to a maximum amount of \$1,530,350 and \$483,725, 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 2021 to determine the calendar year amounts to be included on their 2020 tax returns. Shareholders should consult their own tax advisors.

Approval of the Investment Advisory Agreement Renewal for the IMS Capital Value Fund and IMS Strategic Income Fund (Unaudited)

At a meeting held on April 30, 2020, the Board of Trustees (the “Board”) considered the renewal of the Investment Advisory Agreement between the Trust and Adviser in regard to the IMS Capital Value Fund, IMS Strategic Income Fund, and IMS Dividend Growth Fund (together, the “IMS Funds”) (the “Advisory Agreement”).

Legal counsel to the Trust (“Counsel”) reviewed with the Board a memorandum from Counsel and addressed to the Trustees that summarized, among other things, the fiduciary duties and responsibilities of the Board in reviewing and approving the renewal of the Advisory Agreement between the Trust and the Adviser concerning the IMS Funds. A copy of this memorandum was circulated to the Trustees in advance of the Meeting. Counsel discussed with the Trustees the types of information and factors that should be considered by the Board to make an informed decision regarding the approval of the continuation of the Advisory Agreement, including the following material factors: (i) the nature, extent, and quality of the services provided by the Adviser; (ii) the investment performance of the IMS Funds; (iii) the costs of the services provided and profits realized by the Adviser from the relationship with the IMS Funds; (iv) the extent to which economies of scale would be realized if the IMS Funds grow and whether advisory fee levels reflect those economies of scale for the benefit of the IMS Funds’ investors; and (v) the Adviser’s practices regarding possible conflicts of interest.

In assessing these factors and reaching its decisions, the Board took into consideration information furnished for the Board’s review and consideration throughout the year at regular Board meetings, as well as information prepared or presented in connection with the annual renewal process, including information submitted to the Board in the Adviser’s presentation earlier in the Meeting. The Board requested and was provided with information and reports relevant to the annual renewal of the Advisory Agreement, including: (i) reports regarding the services and support provided to the IMS Funds and their shareholders by the Adviser; (ii) quarterly assessments of the investment performance of the IMS Funds from the Adviser; (iii) periodic commentary on the reasons for the performance; (iv) presentations by the IMS Funds’ management addressing the Adviser’s investment philosophy, investment strategy, personnel, and operations; (v) compliance and audit reports concerning the IMS Funds and the Adviser; (vi) disclosure information contained in the registration statement of the Trust; and (vii) a memorandum from Counsel that summarized the fiduciary duties and responsibilities of the Board in reviewing and approving the Advisory Agreement, including the material factors set forth above and the types of information included in each factor that should be considered by the Board to make an informed decision.

The Board also requested and received various informational materials including, without limitation: (i) documents containing information about the Adviser, including financial information, a description of personnel and the services provided to the IMS Funds, information on investment advice, performance, summaries of the IMS Funds’ expenses, compliance program, current legal matters, and other general information; (ii) comparative expense and performance information for other mutual funds with strategies similar to the IMS Funds; and (iii) benefits to be realized by the Adviser from its relationship with the IMS Funds. The Board did not identify any information that was most relevant to its consideration to approve the Advisory Agreement, and each Trustee may have afforded different weights to the various factors.

(1) The nature, extent, and quality of the services provided by the Adviser.

The Board considered the responsibilities the Adviser has under the Advisory Agreement for the IMS Funds. The Board reviewed the services provided by the Adviser to the IMS Funds including, without limitation: its processes for formulating investment recommendations and assuring compliance with the IMS Funds’ investment objectives and limitations; its coordination of services for the IMS Funds among the IMS Funds’ service providers; and its efforts to promote the IMS Funds, grow assets and assist in the distribution of the IMS Funds’ shares. The Board considered the Adviser’s staffing, personnel and methods of operating; the education and experience of the Adviser’s staff; and the Adviser’s compliance program, policies, and procedures. The Board considered IMS’ ongoing SEC examination, which was expected to close soon, and the Trust CCO’s and Adviser’s representation that so far there were no material issues affecting the IMS Funds. After reviewing the preceding and further information from the Adviser, the Board concluded that the nature, extent, and quality of the services provided by the Adviser was satisfactory and adequate for the IMS Funds.

Approval of the Investment Advisory Agreement Renewal for the IMS Capital Value Fund and IMS Strategic Income Fund (Unaudited)
(continued)

(2) Investment Performance of the IMS Funds and the Adviser.

The Trustees compared the short- and long-term performance of each of the IMS Funds with the performance of its benchmark index, or indices, as applicable, comparable funds with similar objectives and size managed by other investment advisers, and peer group indices (*e.g.*, Morningstar category averages). The Trustees also considered the consistency of the Adviser's management of the IMS Funds with their investment objective and policies.

The Board considered that for the IMS Dividend Growth Fund, the fund had performed in line with its peers for the one, three, and five-year periods ended March 31, 2020, but had generally underperformed its category and benchmark during these periods. The Board noted, however, that the Adviser had recommended, and the Board had approved the liquidation of the IMS Dividend Growth Fund on or about May 31, 2020. For the IMS Strategic Income Fund, the fund underperformed its peers and benchmarks for the one, three, and five-year periods ended March 31, 2020, and generally underperformed its peers during these periods. For the IMS Capital Value Fund, the fund performed in line with its peers over the one, three, and five-year periods ended March 31, 2020, but had generally underperformed its category and benchmark during these periods. Finally, the Board considered the Funds' performance during the most recent market conditions because of COVID-19.

The Board noted the Adviser's representation that the Funds' underperformance was largely due to the funds size and expenses. Based on the preceding, the Board concluded that the investment performance information presented for the IMS Funds was satisfactory.

(3) The costs of the services provided and profits realized by the Adviser from the relationship with the IMS Funds.

The Trustees considered: the Adviser's staffing, personnel and methods of operating; the financial condition of the Adviser and its level of commitment to the Funds; the asset levels of the IMS Funds; and the overall expenses of the IMS Funds. The Trustees considered the financial statements of the Adviser and the financial stability and productivity of the firm. The Board considered the Adviser's strategic plans to manage costs related to its operations and to hire a marketing firm to assist with the Adviser's marketing plan. The Trustees considered the fees and expenses of the IMS Funds (including the management fee) relative to its peer group as of April 1, 2020. The Trustees noted that the management fee for each of the IMS Funds was above the peer group median and average and towards the higher end of the category, but it was within a reasonable range for the category.

The Trustees also noted that each of the IMS Funds' net expense ratio was above the peer group average and median; they recognized that the IMS Funds were substantially smaller than most of their peers, which affects the net expense ratio of the fund. The Trustees noted that regarding the IMS Funds, the Adviser has entered into an expense limitation agreement according to which the Adviser has agreed to waive or reduce its fees and to assume other expenses of the IMS Funds, if necessary, to limit each Fund's annual operating expenses (with industry-standard exceptions) through October 31, 2021. The Trustees also considered the fees assessed to the Adviser's clients with separate accounts that were managed by the Adviser with strategies similar to the IMS Funds and observed that the fees for such clients were generally lower than those assessed to the IMS Funds – in this regard, the Trustees considered the Adviser's representation that the IMS Funds' fees are higher, in general, due to the administrative and compliance burdens associated with the management of mutual funds. The Board also noted that the Adviser realizes a reasonable profit for its management of the Funds. Following this analysis and upon further consideration and discussion of the preceding, the Board concluded that the fees paid to the Adviser by each of the IMS Funds were fair and reasonable.

Approval of the Investment Advisory Agreement Renewal for the IMS Capital Value Fund and IMS Strategic Income Fund (Unaudited)
(continued)

- (4) The extent to which economies of scale would be realized if the IMS Funds grow and whether advisory fee levels reflect these economies of scale for the benefit of the IMS Funds' investors.

The Board considered the IMS Funds' fee arrangements with the Adviser. The Trustees determined that although the management fee would stay the same as asset levels increased, the shareholders of the IMS Funds would benefit from the expense limitation arrangement for each of the IMS Funds. The Trustees noted that while a breakpoint schedule in an advisory agreement would be beneficial, such a feature only had benefits if the fund's assets were enough to realize the effect of the breakpoint. The Trustees noted that lower expenses for the IMS Funds' shareholders are realized immediately with the expense limitation arrangements with the Adviser. The Trustees noted that the IMS Funds' assets were at such levels that the expense limitation arrangements were providing benefits to the IMS Funds' shareholders currently. The Trustees also noted that the IMS Funds would benefit from economies of scale under their agreements with some of their service providers other than the Adviser as fees that were in place with those other service providers were either fixed or essentially semi-fixed, and the Board considered the Adviser's efforts to work with M3Sixty to secure such arrangements for the IMS Funds. Following further discussion of the IMS Funds' asset levels, expectations for growth and levels of fees, the Board determined that the IMS Funds' fee arrangements, in light of all the facts and circumstances, were fair and reasonable and that the expense limitation arrangement provided savings and protection for the benefit of the IMS Funds' investors.

- (5) Possible conflicts of interest and benefits derived by the Adviser.

The Trustees evaluated the potential for conflicts of interest and considered such matters as: the experience and ability of the advisory and compliance personnel assigned to the IMS Funds; the fact that the Adviser does not utilize soft dollars; the basis of decisions to buy or sell securities for the IMS Funds; and the substance and administration of the Adviser's code of ethics. Based on the preceding, the Board determined that the Adviser's standards and practices relating to the identification and mitigation of possible conflicts of interest were satisfactory. It was noted that the Adviser indicated that the ability to place investors in the IMS Funds, who did not meet the Adviser's minimum separate account size, was an indirect benefit to the Adviser.

After additional consideration of the factors delineated in the memorandum provided by Counsel and further discussion among the Board, the Board determined that the compensation payable under the Advisory Agreement with respect to the IMS Funds was fair, reasonable, and within a range of what could have been negotiated at arms-length in light of all the surrounding circumstances, and they resolved to approve the Advisory Agreement with respect to the IMS Funds.

360 FUNDS

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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.