

2022 Hopes to be a Transformative Year for Cannabis Legislation

In the following commentary, Portfolio Manager Korey Bauer of the Cannabis Growth ETF (BUDX) provides a cannabis market update, the performance and composition of the portfolio, and the cannabis sectors outlook moving forward.

Thanks for choosing the Cannabis Growth ETF as your vehicle of choice when investing in the cannabis sector.

**Korey Bauer, CMT®***Chief Investment Officer**Managing Director, Portfolio Manager*

9 years of experience

Shareholders & Prospective Investors,

Here we are at the end of 2021 and congress has punted cannabis regulation reforms to 2022. The SAFE Banking was not included in the final version of the National Defense Authorization Act for 2022. Cannabis stocks went on a roller coaster ride in 2021 having seen significant gains in the first quarter and are now down over 50% from the highs back in February. SAFE would have allowed banks and other financial institutions to provide banking and other services without the risk of breaking the law. By lawmakers not getting banking across the goal line, this will allow large MSO's (Multi-State Operators) to continue to scale and build stronger moats making it even more difficult for new smaller operators to compete.

Portfolio Performance:

The Cannabis Growth ETF (BUDX) was down 20.70% for 2021 (NAV). Over the last three months the ETF was down 23.57%. Over the last year the Fund did outperform its benchmark, the Cannabis World Index, by 15.5%. Three of our top holdings IIPR (Innovative Industrial Properties), SMG (Scotts Miracle-Gro) and AFC Gamma (AFCG) all had positive returns during the broader sector deterioration we saw in Q4. IIPR and AFCG both continue to benefit from the lack of U.S. cannabis companies gaining access to traditional loans and banking. We are still seeing meaningful acceleration across all cannabis REITS evidenced by the 20% allocation we have to them at the current time. On the other hand, our exposures to the Canadian cannabis

market have been a major drag on the ETFs performance for the quarter. Canopy Growth and Tilray both saw the greatest hits to overall market share in Canada over the last few months. Despite Tilray having a rough few months, we still are overweight as we think they are uniquely positioned to benefit not only in Canada but in Germany as well as they recently announced they will be legalizing cannabis.

We continue to deliver strong relative outperformance to our benchmark with our tactical approach. While performance has been strong, we continue to navigate the cannabis sector as new opportunities and challenges will emerge in future.

Outlook:

As we discussed in the last quarterly commentary, we remain very cautious and quite frankly slightly negative on the Canadian cannabis industry. There is such a significant amount of dried flower still on the balance sheets of many Canadian cannabis companies and we think continued discounting will put more pressure on margins across the industry. To give you an idea of why we have an oversupply in Canada, in 2018, there were 143 Canadian license holders. Now there are over 600 Canadian cannabis production licenses. The market is fully supplied, and operators will be forced to continue to shut down facilities. Operating performance for many of the Canadian cannabis businesses remained severely challenged due to lack of quality leadership teams across the industry. Many of the same mistakes continue to be made and we narrowed our focus to a handful of companies that we think will come out of this downturn.

Now turning our attention to the United States, we are very hopeful that the prospects for legal change will happen forward in 2022. While many folks we speak to

Portfolio Performance:
Cannabis Growth ETF Returns (%) as of 12/31/21

	1 Mo.	3 Mo.	1 Yr.	Since Inception*
BUDX (NAV)	-9.25	-23.57	-20.70	-23.16*
BUDX (Market)	-16.92	-30.07	N/A	-26.36
S&P 500 Index	4.48	11.03	28.71	22.70*
Cannabis World Index	-15.59	-34.40	-36.20	-41.75*

*Annualized

Inception date February 22, 2019

BUDX Gross (Net) Expense Ratio: 11.95% (0.79%)

The performance data quoted represents past performance. Such favorable performance was attributable to unusually favorable conditions that are likely not sustainable or may not recur. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost. Returns less than one year are not annualized. For the most recent month-end performance, please call 888.885.0588.

in the industry are optimistic of a banking bill in the first half of the year, we think momentum will build for something right before the mid-term elections. Democrats maintain majority control over the House and Senate and are very vocal on cannabis reform. We believe this would be a headwind for the party as Senator Nancy Mace of South Carolina (Republican Congresswoman) introduced her own bill which could build momentum in 2022 if we see a flip in Congress.

When looking at the U.S. cannabis market, many of the companies that are operating in the United States still don't trade on any major U.S. exchanges. This makes it difficult for managers like us to put on any exposure to Multi State Operator positions. Also, U.S. listed plant touching companies are listed on smaller exchanges that are not liquid causing many of these stocks to trade like microcaps. We have also seen some banks and custodians put pressure on stockholders to liquidate or move their positions to another broker in fear of violating federal laws.

Over the course of the next few years, we are still in the camp there will be a tidal wave of mergers and acquisitions ("M&A"). U.S. Multi state operators are also sitting on a mountain of cash which will also be contributing factor the upcoming M&A wave in 2022. Also, the cost of debt for many of the U.S. operators has significantly reduced from 14+% to 8-10%.

We are also taking in to account that inflation might have some negative impacts on consumers in the near term. While we think inflationary pressures will be more of a first half 2022 story, we believe supply chains will normalize by the 2nd half of 2022 barring any unforeseen issues that arise.

Lastly, while many analysts are optimistic about further growth outside North American, we tend to see Europe as a major work in progress that will take many years to develop to a significant portion of the global cannabis sales. Our focus remains on Canada and mainly the United States where we think the biggest opportunities are in the next decade.

About Foothill Capital Management

Foothill Capital Management is a specialized asset manager focused on markets they view as innovative, fast-growing or emerging to provide investors with an aggressive growth component in their equity portfolios.

Of Special Note: Statements, estimates and forecasts are subject to significant legal, business, economic, and competitive uncertainties, including competition, limited access to bank services, litigation, enforcement actions, and the receipt of government authorizations. This includes differences in, among other things, laws, regulations and guidelines relating to the manufacture, transportation, and storage of cannabis, and the conduct of operations, which vary among the U.S. federal government, various states, and foreign jurisdictions. There can no assurance that such estimates and/or forecasts will be realized, and these are not indicative of future investment performance. Historical data is not indicative of future performance.

Market Price: The current price at which shares are bought and sold. Market returns are based upon the last trade price.

NAV: The dollar value of a single share, based on the value of the underlying assets of the fund minus its liabilities, divided by the number of shares outstanding. Calculated at the end of each business day.

Effective as of the close of business on September 24, 2021, the ETF acquired the assets and assumed the performance, financial and other historical information of the Cannabis Growth Fund, an open-end mutual fund (incepted February 22, 2019). The ETF's investment objectives, strategies and policies are substantially similar to those of the predecessor mutual fund and it was managed by the same portfolio managers. Performance information for periods prior to September 24, 2021 is the historical performance of the predecessor mutual fund and reflects the higher operating expenses of the predecessor mutual fund. The ETF has lower expenses than the predecessor mutual fund. For periods prior to September 24, 2021, the fund's performance would have been higher than shown had it operated with the fund's current expense levels.

The Fund's advisor has contractually agreed to waive its fees and/or pay for operating expenses of the Fund to ensure that total annual fund operating expenses (excluding any taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, acquired fund fees and expenses (as determined in accordance with SEC Form N-1A), expenses incurred in connection with any merger or reorganization, and extraordinary expenses such as litigation expenses) do not exceed 0.65% of the Fund's average daily net assets. This agreement is in effect until May 31, 2031, and it may be terminated before that date only by the Trust's Board of Trustees.

The S&P 500 Index: The S&P 500 Index is a market capitalization-weighted index of 500 widely held common stocks. The index does not reflect expenses, fees or sales charge, which would lower performance. The index is unmanaged.

Cannabis World Index: The Cannabis World Index measures the performance of exchange traded equity securities of companies that are engaged exclusively in legal cannabis activities under applicable national and local laws, including U.S. federal and state laws. The index does not reflect expenses, fees or sales charge, which would lower performance. The index is unmanaged.

You cannot invest directly in an index.

For more information regarding current ETF holdings and performance, please see the [fact sheet](#). ETF holdings and sector allocations are subject to change and should not be considered recommendations to buy or sell any security. The views expressed represent the opinion of Foothill Capital Management which are subject to change and are not intended as a forecast or guarantee of future results.

Distributed by IMST Distributors, LLC. Foothill Capital Management is not affiliated with IMST Distributors.

Before investing you should carefully consider the ETF's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained from 888.885.0588 or by visiting www.cannabisgrowthfunds.com. Please read the prospectus carefully before you invest.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the ETF. Brokerage commissions will reduce returns. NAVs are calculated using prices as of 4:00 PM Eastern Time. The closing price is the Mid-Point between the Bid and Ask price as of the close of exchange. Closing price returns do not represent the returns you would receive if you traded shares at other times.

Investing involves risk, including possible loss of principal. The cannabis industry is subject to rapidly evolving laws, rules and regulations, and increasing competition which may cause such companies to change business model, shrink or suddenly close. These may limit access to banks, and create significant burdens on company resources due to litigation, enforcement actions, receipt of necessary permits and authorizations to engage in medical cannabis research or to otherwise cultivate, possess or distribute cannabis. Possession and use of cannabis is illegal under federal and certain states' laws, which may negatively impact the value of ETF investments. Where legalized by states, cannabis possession and use remains a violation of federal law. The companies in which the ETF invests are subject to various laws and regulations relating to the manufacture, management, transportation, storage and disposal of cannabis, including health and safety, conduct of operations, and environmental protection. Even if a company's operations are permitted under current law, they may not be permitted in the future, and a company may not be able to continue operations in its current location. Controlled substance legislation differs significantly between countries and may limit a company's ability to sell products.

Foreign investing involves social and political instability, market illiquidity, exchange-rate fluctuation, high volatility and limited regulation risks. Emerging markets involve different and greater risks, as they are smaller, less liquid and more volatile than more developed countries. Investments made in small, mid-capitalization and micro-capitalization companies may be more volatile and less liquid due to limited resources or product lines and more sensitive to economic factors. ETF investments will be concentrated in an industry or group of industries, and the value of ETF shares may rise and fall more than more diversified funds. Purchasing and writing put and call options entails greater than ordinary investment risks. Options ownership involves the payment of premiums, which may negatively impact ETF performance. Please see the prospectus for details of these and other risks.