

M3SIXTY ONCHAIN U.S. GOVERNMENT MONEY MARKET FUND

(Ticker Symbol: MCGXX)

**4300 Shawnee Mission Parkway, Suite 100
Fairway, KS 66205**

**a series of the
360 Funds**

STATEMENT OF ADDITIONAL INFORMATION

September 11, 2026

The M3Sixty Onchain U.S. Government Money Market Fund is a series of 360 Funds, an open-end management investment company registered with the Securities and Exchange Commission as required by the Investment Company Act of 1940, as amended.

This Statement of Additional Information is not a prospectus, and it should be read in conjunction with the Fund's prospectus dated September 11, 2026, as the same may be amended from time to time. Copies of the Prospectus may be obtained, without charge, by calling the Fund at (877) 244-6235 or writing to the Fund at the following address:

**M3Sixty Onchain U.S. Government Money Market Fund
c/o M3Sixty Administration, LLC
4300 Shawnee Mission Parkway
Suite 100
Fairway, KS 66205**

TABLE OF CONTENTS

<u>INVESTMENT OBJECTIVES, POLICIES, AND RISKS</u>	1
<u>INVESTMENT RESTRICTIONS AND POLICIES</u>	4
<u>PORTFOLIO TRANSACTIONS</u>	5
<u>PORTFOLIO HOLDINGS DISCLOSURE</u>	5
<u>DESCRIPTION OF THE TRUST</u>	6
<u>BOARD OF TRUSTEES, OFFICERS, AND PRINCIPAL SHAREHOLDERS</u>	7
<u>MANAGEMENT AND ADMINISTRATION</u>	11
<u>PROXY VOTING POLICIES</u>	13
<u>PURCHASES, REDEMPTIONS, AND SPECIAL SHAREHOLDER SERVICES</u>	14
<u>NET ASSET VALUE</u>	15
<u>ADDITIONAL TAX INFORMATION</u>	15
<u>FINANCIAL STATEMENTS</u>	23
<u>APPENDIX A – PROXY VOTING POLICIES</u>	24
<u>APPENDIX B – NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER</u>	27

INVESTMENT OBJECTIVES, POLICIES, AND RISKS

360 Funds (the “Trust”) was organized as a Delaware statutory trust on February 24, 2005. The M3Sixty Onchain U.S. Government Money Market Fund (the “Fund”) is an open-end management investment company and a separate diversified series of the Trust. The Prospectus describes the Fund’s investment objective and principal investment strategy, as well as the Fund’s principal investment risks. The Fund’s investment adviser is M3Sixty Capital, LLC (the “Adviser”).

The following descriptions and policies supplement these descriptions and also include descriptions of certain types of investments that may be made by the Fund but are not principal investment strategies of the Fund.

Blockchain Technology. Blockchain technology is a relatively new and untested technology that operates as a distributed ledger. Blockchain systems could be vulnerable to fraud, particularly if a significant minority of participants conspired to defraud the rest. Access to a given blockchain requires an individualized key, which, if compromised, could result in loss due to theft, destruction, or inaccessibility. There is little regulation of blockchain technology other than the intrinsic public nature of the blockchain system. Any future regulatory developments could affect the viability and expansion of blockchain technology. Because blockchain technology systems may operate across many national boundaries and regulatory jurisdictions, blockchain technology may be subject to widespread and inconsistent regulation. Blockchain technology is not a product or service that provides identifiable revenue for companies that implement or otherwise use it. Currently, blockchain technology is commonly used to record transactions in digital currency, which are highly speculative and volatile. Problems in digital currency markets could have a broader effect on companies associated with blockchain technology. Also, blockchain technology may never be implemented to a scale that provides identifiable economic benefits. There are currently several competing blockchain platforms with competing intellectual property claims. The uncertainty inherent in these competing technologies could cause companies to use alternatives to blockchain. Finally, because digital assets registered on a blockchain do not have a standardized exchange, like a stock market, there is less liquidity for such assets and a greater possibility of fraud or manipulation. This risk is also described in the Fund’s prospectus under “Principal Risks of Investing in the Fund — Blockchain Networks Risk.”

Use of Blockchain. A blockchain is an open, distributed ledger that records transactions between two parties in a verifiable and permanent way using cryptography. A distributed ledger is a database in which data is stored in a decentralized manner. Cryptography is a method of storing and transmitting data in a particular form so that only those for whom it is intended can read and process it. Transactions on the blockchain are verified and authenticated by computers on the network (referred to as “nodes” or “validators”) that receive, propagate, verify, and execute transactions. Authenticating a transaction before it is recorded ensures that only valid and authorized transactions are permanently recorded on the blockchain in collections of transactions called “blocks.” Blockchain networks are based upon software source code that establishes and governs their respective cryptographic systems for verifying transactions.

The use of blockchain technology for an open-end registered investment company, such as the Fund, is untested. If there is a conflict between the blockchain record maintained by CERES Coin TA, LLC (“Sub-Transfer Agent” or “CERES”) and the official shareholder record maintained by the Fund’s transfer agent, M3Sixty Administration, LLC (“M3Sixty” or the “Transfer Agent”), the Transfer Agent’s record will be determinative. CERES is responsible for reconciling blockchain records with the Transfer Agent’s official record daily. The Sub-Transfer Agent captures on-chain entries as they occur and formally reconciles the shadow recordkeeping layer against the Transfer Agent’s official record each business day. Peer-to-peer transfers of Fund shares are processed at the Fund’s next calculated net asset value, which the Fund seeks to maintain at a stable \$1.00 per share; they do not occur at negotiated prices, and neither the Fund, the Transfer Agent, nor the Sub-Transfer Agent operates an order book, bulletin board, matching system, or any other facility for bringing together buyers and sellers of Fund shares. The Fund does not permit peer-to-peer transfers to be effected at a price other than the Fund’s next calculated net asset value, and neither the Fund, the Transfer Agent, nor the Sub-Transfer Agent will process a transfer at any other price. Neither the App nor the Web Portal displays a directory or list of other shareholders. A shareholder who wishes to transfer shares must already know the identity of the intended transferee and must supply the transferee’s name; the Sub-Transfer Agent confirms only whether the named person holds a whitelisted wallet address enrolled in its system.

The Fund is registered as an open-end investment company under the Investment Company Act of 1940. As a registered investment company under the Investment Company Act, the Fund’s shares are securities subject to the Investment Company Act framework and related federal securities laws.

The secondary recording of Fund shares on the blockchain will not affect the Fund’s investments. **The shares are not currently traded on any exchanges. The Fund’s shares are not tokenized. They are traditional, uncertificated book-entry equity securities of a registered investment company and are not digital assets, crypto assets, stablecoins, or any other form of token.** The use of blockchain-based recordkeeping does not affect shareholder rights, including voting rights, redemption rights, rights to dividends and distributions, or the protections afforded to shareholders under the Investment Company Act of 1940 and the Trust Instrument.

The Fund's blockchain-integrated recordkeeping system operates as a private, permissioned access layer on the Solana public blockchain network, which is the only blockchain network used to record Fund share ownership. The Fund does not use, and does not currently intend to use, any other blockchain network for this purpose. Solana is a high-performance public blockchain that utilizes a Proof of History combined with a Proof of Stake consensus mechanism. Fund shares are book-entry securities recorded by the Transfer Agent, whose record is the sole official record of share ownership. The sub-transfer agent maintains a private, permissioned shadow recordkeeping layer that records corresponding share-ownership data on the Solana network using the SPL Token Extensions standard, which is reconciled to the Transfer Agent's official record.

Unlike permissionless token systems, the sub-transfer agent's investor application uses an SPL token implementation on the Solana network that functions as a private, permissioned access layer built on a public, permissionless blockchain network (the Solana network), and that incorporates a whitelist of permissioned wallet addresses at the token program level. The tokens recorded through this application are not Fund shares, and the application and its blockchain records are not the Fund's official books and records of share ownership, which are maintained solely by the Transfer Agent. Only wallet addresses that have been approved by the sub-transfer agent through its Know-Your-Customer ("KYC")/Anti-Money Laundering ("AML") onboarding process are eligible to hold or receive the corresponding tokens recorded on the shadow layer. The sub-transfer agent maintains freeze authority over all token accounts and has the ability to: (i) restrict transfers to or from any wallet address; (ii) freeze individual token accounts in the event of suspected unauthorized activity, regulatory requirement, compliance obligation, or error correction; and (iii) revoke and reissue tokens in connection with authorized corrections, which are then reconciled with the Transfer Agent's official records. These controls allow the sub-transfer agent to maintain compliance with applicable KYC, AML, and federal securities laws while operating on public blockchain infrastructure.

The sub-transfer agent records corresponding share-ownership data on the private, permissioned shadow layer using the Token-2022 (SPL Token Extensions) standard maintained as part of the Solana Program Library. "Token-2022" is the name of a standard computer program, maintained by the open-source Solana developer community, that governs how data about a particular asset is recorded on the Solana network and what optional controls — called "extensions" — apply to those records. The sub-transfer agent has configured the Token-2022 mint with the following extensions: (i) Transfer Hook, which executes a custom on-chain program enforcing transfers only between whitelisted, KYC-verified wallet addresses approved by the sub-transfer agent; (ii) Freeze Authority, enabling the sub-transfer agent to freeze individual wallet accounts in connection with suspected unauthorized activity, regulatory requirement, or error correction. Authority over the Token-2022 mint, the freeze authority, and the custom Transfer Hook program is held in separate multi-signature configurations implemented using Squads Protocol, a Solana-native multi-signature governance framework, as described under "Management and Administration — Sub-Transfer Agent."

To mitigate the risk that public on-chain transaction history could be linked to a shareholder if the sub-transfer agent's off-chain wallet-to-identity mapping were compromised, the Token-2022 mint is configured with the Confidential Transfers extension. In plain terms, "Confidential Transfers" encrypts the number of shares reflected in each on-chain recordkeeping entry, so that a member of the public viewing the Solana ledger can see that an entry was made between two wallet addresses but cannot see how many shares it involved, while the network can still confirm that the entry is valid. Confidential Transfers use zero-knowledge proofs to encrypt the amount transferred in each on-chain transaction, while permitting the network to verify transaction validity without revealing the amount. Decrypt keys associated with Fund transactions are held under custody arrangements that permit access by the Transfer Agent, the Fund's independent registered public accounting firm, regulatory examiners, and other parties with a legal entitlement to such information, preserving full regulatory auditability of Fund activity. Wallet addresses themselves remain publicly visible on the Solana ledger but, absent a breach of the sub-transfer agent's off-chain records, are not linked to any specific shareholder.

The Fund's mobile application (the "App"), CERES Coin, is available for download and use from the Apple App Store; the Android version is pending approval for distribution through Google Play. The Fund's web portal (the "Web Portal") has been developed and is currently operating in a user-acceptance testing environment and has not been deployed to production. When deployed, the Web Portal will be available to individual investors at <https://investorportal.cerescoin.io/> and to business and institutional investors at <https://businessapp.cerescoin.io/>. Upon creating an account through the App or the Web Portal, the sub-transfer agent will create a whitelisted wallet address for each investor on the Solana network. Investors will be able to track the balance of Fund shares associated with their wallet address through the App or the Web Portal after the sub-transfer agent reconciles any shareholder activity with the Transfer Agent. Smart contracts (referred to as "programs" on the Solana network) govern how entries on the private, permissioned shadow layer are recorded, restricted, and reconciled. These on-chain programs do not define the Fund's shares, which are book-entry securities recorded by the Transfer Agent. Shareholders do not create, hold, fund, or manage these wallets or the private keys associated with them, and shareholders do not hold or need decrypt keys. The sub-transfer agent creates and administers each whitelisted wallet address on behalf of the shareholder, and the private signing material and decrypt keys are maintained within an institutional custody and key-management environment operated by the sub-transfer agent or a regulated custodian, rather than in application code or a conventional database. Decrypt keys are made available to the Transfer Agent, the Fund's independent registered public accounting firm, regulatory examiners, and other parties with a legal entitlement to the information. A shareholder does not need a wallet, a private key, or any digital asset in order to purchase, hold, transfer, or redeem Fund shares, and the loss or compromise of a wallet credential would not affect the shares recorded in the shareholder's name on the Transfer Agent's official book of record.

All fees associated with the use of public blockchain networks, including transaction fees denominated in the native digital assets of such networks (e.g., SOL on the Solana network), will be the responsibility of the sub-transfer agent or its affiliates. Fund investors will not be required to purchase any native digital assets of any public blockchain network.

Delays in transaction processing have occurred on the blockchain networks. Such a delay may occur because of, among other things, the inability of nodes to reach consensus on transactions or upgrades on changes in the applicable blockchain. During a network delay, recording transactions in the shares on the blockchain will not be possible. Should such a delay occur for an extended period, the Fund could choose to effect transactions with shareholders manually (i.e., in book-entry form) until the network has resumed regular operation. Additionally, there may be delays in CERES' reconciliation of blockchain records with the Transfer Agent's official record. The Fund may choose to reevaluate the suitability of a particular network for the Fund's shares in the event of future or recurring delays. This risk is also described in the Fund's prospectus under "Principal Risks of Investing in the Fund — Blockchain Networks Risk." A network delay would not affect the shares a shareholder owns on the Transfer Agent's official record, the Fund's net asset value, or a shareholder's ability to purchase or redeem shares directly through the Transfer Agent.

Furthermore, in the future, the shares may be available for purchase or sale in a secondary trading market (such as an electronic trading platform that is registered with the Securities and Exchange Commission (the "SEC") as an alternative trading system ("ATS")). Any disruption to the operations of an ATS, including a broker-dealer's interface with an ATS, could materially disrupt trading in or potentially result in a complete halt in trading the Fund's shares on that platform. The Fund has no current agreement to make its shares available for trading on any ATS but may enter into such an agreement in the future. These features are not currently, and may never be, open to investors. These features would be subject to then-existing regulations and regulatory interpretations.

There are risks associated with the issuance, redemption, transfer, custody, and record keeping of shares for which corresponding share-ownership data is also recorded on a blockchain.

Corporate Debt Securities. The Fund's fixed-income investments may include corporate, municipal, or other government debt securities. Corporate and municipal debt obligations purchased by the Fund may be any credit quality, maturity, or yield. Accordingly, the Fund's debt securities may include "investment grade" securities (those rated at least Baa by Moody's Investors Service, Inc. ("Moody's"), BBB by Standard & Poor's Ratings Services ("S&P") or Fitch Investors Service, Inc. ("Fitch") or, if not rated, of equivalent quality in the Adviser's opinion. In addition, the Fund's debt securities may include lower-rated debt securities, including, without limitation, junk bonds. Debt obligations rated Baa by Moody's or BBB by S&P, or Fitch may be considered speculative and are subject to risks of non-payment of interest and principal. Debt obligations rated lower than Baa by Moody's or lower than BBB by S&P or Fitch are generally considered speculative and subject to significant non-payment risks of interest and principal. Descriptions of the quality ratings of Moody's, S&P, and Fitch are contained in this SAI. While the Adviser utilizes the ratings of various credit rating services as one factor in establishing creditworthiness, it relies primarily upon its analysis of factors establishing creditworthiness.

Money Market Instruments. The Fund may invest in money market instruments, including U.S. government obligations or corporate debt obligations (including those subject to repurchase agreements), provided they are eligible for purchase by the Fund. Money market instruments also may include Banker's Acceptances and Certificates of Deposit of domestic branches of U.S. banks, Commercial Paper, and Variable Amount Demand Master Notes ("Master Notes"). Bankers' acceptances are time drafts drawn on and "accepted" by a bank. When a bank "accepts" such a time draft, it assumes liability for its payment. When the Fund acquires a Banker's Acceptance, the bank that "accepted" the time draft is liable to pay interest and principal when due. The Banker's Acceptance carries such a bank's full faith and credit. A Certificate of Deposit ("CD") is a bank's unsecured, interest-bearing debt obligation. Commercial Paper is an unsecured, short-term debt obligation of a bank, corporation, or other borrower. Maturities of Commercial Paper generally range from 2 to 270 days and are usually sold on a discounted basis rather than as an interest-bearing instrument. The Fund will invest in Commercial Paper only if it is rated in one of the top two rating categories by Moody's, S&P, or Fitch, or if not rated, of equivalent quality in the Adviser's opinion. Commercial Paper may include Master Notes of the same quality. Master Notes are unsecured obligations redeemable upon the holder's demand and permit the investment of fluctuating amounts at varying interest rates. Master Notes are acquired by the Fund only through the Master Note program of the Fund's custodian bank, acting as administrator. The Adviser will continuously monitor the earnings power, cash flow, and other liquidity ratios of the issuer of a Master Note held by the Fund.

ETFs. The Fund may invest in Exchange Traded Funds ("ETFs"). An ETF is a fund that holds a portfolio of common stocks or bonds designed to track the performance of a securities index or sector of an index. ETFs are traded on a securities exchange based on their market value. An ETF portfolio holds the same stocks or bonds as the index it tracks, so its market price reflects the value of the index at any given time. ETFs are registered investment companies and incur fees and expenses such as operating expenses, licensing fees, registration fees, trustees' fees, and marketing expenses, and ETF shareholders, such as the Fund, pay their proportionate share of these expenses. Your cost of investing in the Fund will generally be higher than investing directly in ETFs. By investing in the Fund, you will indirectly bear fees and expenses charged by the underlying ETFs in which the Fund invests in addition to the Fund's direct fees and expenses.

Repurchase Agreements. The Fund may invest in repurchase agreements. A repurchase agreement is a short-term investment in which the purchaser acquires ownership of a U.S. government security, and the seller agrees to repurchase the security at a future time at a set price, thereby determining the yield during the purchaser's holding period. Any repurchase transaction in which the Fund engages will require full collateralization of the seller's obligation during the entire term of the repurchase agreement. In the event of a bankruptcy or other seller default, the Fund could experience delays in liquidating the underlying security and losses in value.

Reverse Repurchase Agreements. The Fund may also be involved with reverse repurchase agreements. Reverse repurchase agreements are repurchase agreements in which the Fund is the seller (rather than the buyer) of the securities and agrees to repurchase them at an agreed-upon time and price. A reverse repurchase agreement may be viewed as a type of borrowing by the Fund. Reverse repurchase agreements are subject to credit risks. In addition, reverse repurchase agreements create leverage risks because the Fund must repurchase the underlying security at a higher price, regardless of the security's market value at the time of repurchase.

Discretionary Liquidity Fees. The Fund must impose liquidity fees if the Board determines that doing so is in the best interests of shareholders. Once imposed, a discretionary liquidity fee must be applied to all shares redeemed and must remain in effect until the Board determines that imposing such liquidity fee is no longer in the best interests of the Fund. The liquidity fee may not exceed two percent of the value of the shares redeemed. A government money market fund is not required to consider the imposition of discretionary liquidity fees under Rule 2a-7; it may choose to rely on the ability to impose discretionary liquidity fees provided that it: (i) complies with the requirements of Rule 2a-7; (ii) discloses the potential imposition of discretionary liquidity fees in its summary prospectus; and (iii) provides investors with prior notice.

Share Cancellation. The Fund may institute a reverse distribution mechanism ("RDM") or similar "share cancellation" mechanisms during a negative interest rate environment to maintain a stable \$1.00 net asset value ("NAV") per share if the Board determines that reducing the number of shares outstanding is in the best interest of the Fund and its shareholders.

INVESTMENT RESTRICTIONS AND POLICIES

Fundamental Restrictions. The Fund has adopted the following "fundamental restrictions," which cannot be changed without approval by holders of a majority of the outstanding voting shares of the Fund. A "majority" for this purpose means the lesser of (i) 67% of the Fund's outstanding shares represented in person or by proxy at a meeting at which more than 50% of its outstanding shares are represented, or (ii) more than 50% of its outstanding shares. As a matter of fundamental policy, the Fund may not:

- (1) Issue senior securities, except as permitted by Section 18(f)(1) of the 1940 Act;
- (2) Borrow money, except to the extent permitted under Section 18(f)(1) the 1940 Act (including, but not limited to, reverse repurchase agreements and borrowing to meet redemptions). For purposes of this investment restriction, the entry into options, forward contracts, futures contracts, including those relating to indices, and options on futures contracts or indices shall not constitute borrowing;
- (3) Pledge, mortgage, or hypothecate its assets, except to the extent necessary to secure permitted borrowings and to the extent related to the deposit of assets in escrow in connection with selling covered put and call options and the purchase of securities on a when-issued or forward commitment basis and collateral and initial or variation margin arrangements concerning options, forward contracts, futures contracts, including those relating to indices, and options on futures contracts or indices;
- (4) Act as underwriter except to the extent that, in connection with the disposition of portfolio securities, the Fund may be deemed to be an underwriter under specific federal securities laws;
- (5) Make loans, provided that the Fund may lend its portfolio securities in an amount up to 33% of total Fund assets, and provided further that, for purposes of this restriction, investment in U.S. Government obligations, short-term commercial paper, certificates of deposit, bankers' acceptances and repurchase agreements shall not be deemed to be the making of a loan;
- (6) Purchase or sell real estate or interests in real estate directly; provided, however, that the Fund may purchase and sell securities which are secured by real estate and securities of companies that invest or deal in real estate (including, without limitation, investments in REITs and mortgage-backed securities);
- (7) Purchase or sell commodities, except that the Fund may purchase and sell options, forward contracts, futures contracts, including those relating to indices, and options on futures contracts or indices and may purchase interests in equity securities issued by companies (including, without limitation, investment companies) that hold or invest in one or more commodities as their sole or principal business activity; or
- (8) Invest 25% or more of its total assets in securities of issuers in any particular industry. For purposes of this limitation, securities of the U.S. Government (including its agencies and instrumentalities), securities of state or municipal governments and their political subdivisions, and investments in other registered investment companies are not considered to be issued by members of any industry. The Fund will consider the concentration of underlying investments in determining compliance with this policy.

Non-Fundamental Restrictions. The following investment limitations are not fundamental and may be changed without shareholder approval. As a matter of non-fundamental policy, the Fund:

- (1) Will invest in obligations or instruments issued by banks and savings institutions with assets of at least \$1 billion.
- (2) May invest in an obligation issued by a bank branch only if the parent bank has assets of at least \$5 billion.
- (3) May not make any new investments while outstanding loans exceed 5% of its total assets.
- (4) Only intends to buy stripped securities issued or guaranteed by the U.S. Treasury or by an agency or instrumentality of the U.S. government.
- (5) May not invest more than 5% of its total assets (measured at the time of acquisition) in illiquid securities, as defined under the applicable regulation.
- (6) Will invest 100% of its assets in securities with remaining maturities of 397 calendar days or less, or in another open-end management investment company with the same investment goals and policies. For purposes of the Fund's investment policies, maturity is calculated per Rule 2a-7, including Rule 2a-7's maturity-shortening provisions.

For the "fundamental" and "non-fundamental" investment restrictions and policies above, if a percentage limitation is adhered to at the time of investment, a later increase or decrease in percentage resulting from any change in value or net assets will not result in a violation of such restriction (i.e., percentage limitations are determined at the time of purchase); provided, however, that the percentage limitations on borrowing under the Fund's second fundamental investment restriction apply at all times.

PORTFOLIO TRANSACTIONS

Since most purchases by the Fund are principal transactions at net prices, the Fund incurs little or no brokerage costs. The Fund deals directly with the selling or buying principal or market maker without incurring charges for the services of a broker on its behalf unless it is determined that a better price or execution may be obtained by using the services of a broker. Purchases of portfolio securities from underwriters will include a commission or concession paid to the underwriter, and purchases from dealers will consist of a spread between the bid and ask price. The Fund seeks to obtain prompt execution of orders at the most favorable net price. Transactions may be directed to dealers in return for research and statistical information, as well as for special services provided by the dealers in the execution of orders.

It is not possible to place an accurate dollar value on the special execution or on the research services the investment manager receives from dealers effecting transactions in portfolio securities. The allocation of transactions to obtain additional research services allows the investment manager to supplement its own research and analysis activities and to receive the views and information of individuals and research staff from many securities firms. Receiving these products and services does not reduce the investment manager's research activities in providing investment advice to the Fund.

The Adviser and its affiliates may use this research and data in their investment advisory capacities with other clients if lawful and appropriate.

If purchases or sales of securities of the Fund and one or more other investment companies or clients supervised by the Adviser are considered at or about the same time, transactions in these securities will be allocated among the several investment companies and clients in a manner deemed equitable to all by the investment manager, taking into account the respective sizes of the accounts and the number of securities to be purchased or sold. In some cases, this procedure could have a detrimental effect on the price or volume of the security so far as the Fund is concerned. In other cases, the ability to participate in volume transactions may improve execution and reduce transaction costs to the Fund.

PORTFOLIO HOLDINGS DISCLOSURE

The Board of the Trust has adopted policies to govern the circumstances under which disclosure regarding securities held by the Fund and disclosure of purchases and sales of such securities may be made to shareholders of the Trust or other persons. These policies include the following:

- Public disclosure regarding the securities held by the Fund ("Portfolio Securities") is made periodically through the Fund's Form N-MFP filings and Semi-Annual and Annual Reports ("Official Reports"). Other than the Official Reports, shareholders and other persons generally will not be provided with information regarding Portfolio Securities held, purchased, or sold by the Fund.

- Form N-MFP must be filed five business days after the end of each month to disclose the type of each beneficial or record owner that owns more than 5% interest of the Fund's shares and the percentage owned. Institutional money market funds must also disclose the composition of their investor base by type (e.g., non-financial corporations, pension plans, and other categories). Prime money market funds (institutional and retail) must disclose the value of portfolio securities sold or disposed of during the reporting period. Money market funds must also report information about (i) liquidity fees, including the date on which a liquidity fee is applied, as well as the amount and type of the liquidity fee (whether mandatory or discretionary), and (ii) share cancellation.
- Information regarding Portfolio Securities and other information regarding the investment activities of the Portfolios may be disclosed to rating and ranking organizations for use in connection with their rating or ranking of the Trust or the Fund, but only if such disclosure has been publicly disclosed or approved in writing by the Chief Compliance Officer of the Trust (the "CCO"). The CCO will not approve arrangements before public disclosure unless persons receiving the information assure that the information will not be used for inappropriate trading in Fund shares.
- The Trust's policy relating to disclosure of the Trust's holdings of Portfolio Securities does not prohibit (i) disclosure of information to the Trust's investment adviser or to other Trust service providers, including but not limited to the Trust's administrator, distributor, custodian, legal counsel, and auditors as identified in the Prospectus and this SAI, financial printers or to brokers and dealers through which the Trust purchases and sells Portfolio Securities; and (ii) disclosure of holdings of or transactions in Portfolio Securities by the Fund that is made on the same basis to all Fund shareholders. This information is disclosed to third parties under conditions of confidentiality. "Conditions of confidentiality" include (i) confidentiality clauses in written agreements, (ii) confidentiality implied by the nature of the relationship (e.g., attorney-client relationship), (iii) confidentiality required by fiduciary or regulatory principles (e.g., custody relationships), and (iv) understandings or expectations between the parties that the information will be kept confidential.
- The CCO must approve any arrangements other than disclosure to service providers under which information relating to Portfolio Securities held by the Portfolios or purchased or sold by the Fund is disclosed to a shareholder or other person before disclosure in the Official Reports. In making such a determination, the CCO may consider, among other things, the information to be disclosed, the timing of the disclosure, the intended use of the information, whether the arrangement is reasonably necessary to aid in conducting the ongoing business of the Fund, and whether the arrangement will adversely affect the Trust, the Fund or its shareholders. The CCO will not approve such arrangements unless persons receiving the information provide assurances that the information will not be used for inappropriate trading in Fund shares.
- The CCO shall inform the Board of any special portfolio holdings disclosure arrangements approved by the CCO and the rationale supporting approval.
- Neither the Trust's investment adviser nor the Trust (or any affiliated person, employee, officer, trustee, or director of the investment adviser or the Trust) may receive any direct or indirect compensation in consideration of the disclosure of information relating to Portfolio Securities held, purchased, or sold by the Fund.

DESCRIPTION OF THE TRUST

The Trust, a statutory trust organized under Delaware law on February 24, 2005, is an open-end management investment company. The Trust's Declaration of Trust ("Trust Instrument") authorizes the Trustees to divide shares into series relating to a separate portfolio of investments and classify and reclassify any unissued shares into one or more classes of shares of each such series. The number of shares in the Trust shall be unlimited. The Trustees may classify and reclassify the shares of the Fund into additional classes of shares at a future date. When issued for payment as described in the Prospectus and this SAI, shares of the Fund will be fully paid and non-assessable and shall have no preemptive or conversion rights.

In the event of a liquidation or dissolution of the Trust or an individual series, such as the Fund, shareholders of a particular series would be entitled to receive the assets available for distribution belonging to such series. Shareholders of a series are entitled to participate equally in the net distributable assets of the particular series involved in liquidation based on the number of shares of the series that each shareholder holds. If there are any assets, income, earnings, proceeds, funds, or payments that are not readily identifiable as belonging to any particular series, the Trustees shall allocate them among any one or more of the series as they, in their sole discretion, deem fair and equitable.

Shareholders are entitled to one vote for each whole share and a fractional vote for each fractional share held. Shares have non-cumulative voting rights, which means that the holders of more than 50% of the shares voting for the election of Trustees can elect 100% of the Trustees. In this event, the holders of the remaining shares voting cannot elect any Trustees. The rights of shareholders cannot be modified by less than a majority vote.

The Trustees will hold office indefinitely, except that: (1) any Trustee may resign or retire and (2) any Trustee may be removed: (a) any time by action of a majority of the then Trustees at a duly constituted meeting; (b) at any meeting of shareholders of the Trust by a vote of two-thirds of the outstanding shares of the Trust; or (c) by a written declaration signed by shareholders holding not less than two-thirds of the outstanding shares of the Trust. In case a vacancy or an anticipated vacancy on the Board 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.

The Trust Instrument provides that the Trustees will not be liable in any event in connection with the affairs of the Trust, except as such liability may arise from a Trustee's bad faith, willful misfeasance, gross negligence, or reckless disregard of duties. With the exceptions stated, the Trust Instrument provides that a Trustee or officer is entitled to be indemnified against all liability in connection with the affairs of the Trust.

The Trust will not hold an annual shareholders' meeting unless required by law. There will typically be no annual meeting of shareholders in any year in which the 1940 Act does not require the election of Trustees by shareholders. As outlined in the Trust's Amended and Restated By-Laws, shareholders of the Trust have the right, under certain conditions, to call a special meeting of shareholders, including a meeting to consider removing a Trustee.

BOARD OF TRUSTEES, OFFICERS, AND PRINCIPAL SHAREHOLDERS

The Trustees are responsible for the management and supervision of the Fund. The Trustees approve all significant agreements between the Trust, on behalf of the Fund, and those companies that furnish services to the Fund, review the Fund's performance, and oversee the Fund's activities. This section of the SAI provides information about the persons who serve as Trustees and Officers to the Trust and Fund, respectively and the entities that provide services to the Fund.

Trustees and Officers. The following are the Trustees and Officers of the Trust, their birth and address, their present position with the Trust or the Fund, 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 at any time by written instrument signed by at least two-thirds of the number of Trustees before such removal. In case a vacancy or an anticipated vacancy on the Board 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 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, Kansas 66205.

Name and Year of Birth	Position(s) Held with Trust	Length of Service	Principal Occupation(s) During Past 5 Years	Number of Series Overseen	Other Directorships During the Past 5 Years
Independent Trustees					
Tom M. Wirtshafter 1954	Trustee, Audit Committee Chair	Since 2011	Retired (2024-present); Senior Vice President, American Portfolios Financial Services (broker-dealer), American Portfolios Advisors (investment adviser) (2009-2024)	8	None
Steven D. Poppen 1968	Trustee, Nominating and Corporate Governance Committee Chair	Since 2018	Executive Vice President and Chief Business Administration Officer, Minnesota Vikings (professional sports organization) (2020–present); Executive Vice President and Chief Financial Officer, Minnesota Vikings (2006-2020); Executive Vice President and Chief Financial Officer, MV Ventures, LLC (real estate developer) (2015–present)	8	IDX Funds (2015 – 2021)
Thomas J. Schmidt 1963	Trustee, Board Chair	Since 2018 Since 2022	Principal, Tom Schmidt & Associates Consulting, LLC (financial services consulting practice) (2015-present)	8	Lind Capital Partners Municipal Credit Income Fund (2021- present)

Name and Year of Birth	Position(s) Held with Trust	Length of Service	Principal Occupation(s) During Past 5 Years	Number of Series Overseen	Other Directorships During the Past 5 Years
Interested Trustee*					
Randall K. Linscott 1971	Trustee & President	Since 2013	Chief Executive Officer, M3Sixty Administration, LLC and M3Sixty Enterprises, LLC, (2013-present); Executive Chair, M3Sixty Capital, LLC (investment advisor) (2023-present)	8	IDX Funds (2015-2021)
Officers					
Richard Yates 1965	Chief Compliance Officer and Secretary	Since 2021	President, M3Sixty Enterprises (2024-present); Chief Legal Officer and Chief Compliance Officer, M3Sixty Capital, LLC (2023-present); Head of Compliance and Chief Legal Counsel, M3Sixty Administration, LLC (2021-present); Chief Compliance Officer, Leader Funds Trust (2025-present); Chief Compliance Officer and Secretary, IDX Funds Trust (2021-2022)	N/A	N/A
Larry E. Beaver, Jr. 1969	Treasurer	Since 2021	Head of Operations, M3Sixty Administration, LLC (2021-present); Fund Accounting, Administration and Tax Officer, M3Sixty Administration, LLC (2017-2021); Treasurer, Tactical Investment Series Trust (2022-present); Treasurer, Leader Funds Trust (2025-present); Vice President, Wildermuth Funds (2025-present); Assistant Treasurer, 360 Funds (2017-2021); Assistant Treasurer, IDX Funds (2017-2021); Assistant Treasurer, WP Funds Trust (2017-2021)	N/A	N/A
Tony DeMarino 1970	Anti-Money Laundering (“AML”) Officer	Since 2025	President, M3Sixty Capital, LLC (2025-present, 2022-2024); Principal Executive Officer, Matrix 360 Distributors, LLC (2025-present, 2022-2024); Head of Distribution, Commerce Fund (2024-2025); Partner, Primark Capital (2020-2021)	N/A	N/A

*Mr. Linscott is an Interested Trustee because he is the Chief Executive Officer and principal owner of M3Sixty Administration, LLC, the Fund’s administrator and transfer agent, and a principal at the Adviser.

Board Structure. The Board includes three independent Trustees and one interested Trustee, Mr. Randall K. Linscott. Mr. Schmidt, one of the Trust’s independent trustees, serves as the Chairman of the Board. The Trustees have determined that the Trust’s current leadership structure is appropriate, as it allows Trust management to communicate with each independent Trustee as and when needed and permits each independent Trustee to be involved in each committee of the Board (each a “Committee”) as well as each Board function. Concerning risk oversight, the Board holds four regular meetings annually to consider and address matters involving the Trust and the Fund. During these meetings, the Board receives reports from the Fund’s administrator, transfer agent and distributor, and Trust management, including the Trust’s President, Mr. Linscott, and the Trust’s Chief Compliance Officer, Mr. Richard Yates, on regular quarterly items and, where appropriate and as needed, on specific issues. As part of its oversight function, the Board also may hold special meetings or communicate directly with the Trust’s officers to address matters arising between regular meetings. The Board has established a committee structure that includes an Audit Committee, a Nominating Committee and Corporate Governance Committee, and a Proxy Voting Committee (discussed in more detail below). Each of these Committees is comprised entirely of independent Trustees.

Qualification of Trustees. The Board has considered each Trustee’s experience, qualifications, attributes, and skills in light of the Board’s function and the Trust’s business and structure. It has determined that each Trustee possesses experience, qualifications, attributes, and skills that enable the Trustee to be an effective member of the Board. In this regard, the Board has considered the following specific experience, qualifications, attributes, and skills for each Trustee:

Tom M. Wirtshafter	Mr. Wirtshafter has more than 40 years of experience managing and operating a wide range of financial services companies and was a Director at American Portfolios Financial Services, Inc., a broker-dealer, and American Portfolios Advisors, an investment adviser. American Portfolios Financial Services, Inc. was purchased by Osaic in June of 2022.
Steven D. Poppen	Mr. Poppen is currently the Executive Vice President and Chief Business Administration Officer for the Minnesota Vikings professional football team. In his role, Mr. Poppen work with the accounting and finance, security, facilities, and stadium operations departments along with the financing and operations of U.S. Bank Stadium and Twin Cities Orthopedics Performance Center. Mr. Poppen also serves as an Executive Vice President and Chief Financial Officer of MV Ventures, LLC, a Minnesota real estate development and operations entity. Prior to joining the Vikings’ organization, Mr. Poppen was a Certified Public Accountant in the business assurance group of PricewaterhouseCoopers LLP. Mr. Poppen has held Board of Director positions with several non-profit organizations within the Twin Cities, including Twin Cities Habitat for Humanity, Minnesota State Fair Foundation, Minneapolis Downtown Council, and Minnesota Adult & Teen Challenge.
Thomas J. Schmidt	Mr. Schmidt has over 40 years of experience managing and operating financial services companies and is currently the Principal of Tom Schmidt & Associates Consulting, LLC, a financial services consulting practice. Prior to this, he served as Vice President of the Mutual Fund and Alternative Investment Full Service Transfer Agent at DST Systems, Inc.
Randall K. Linscott	Mr. Linscott has over 30 years of experience with a wide range of financial services companies, including service at PricewaterhouseCoopers, an international public accounting firm, as well as Boston Financial Data Services, a transfer agency, before his role at M3Sixty Administration, LLC, the Adviser, and the Trust.

The Board has determined that each of the Trustees’ careers and background, combined with their interpersonal skills and general understanding of financial and other matters, enable them to effectively participate in and contribute to the Trust’s functions and oversight. References to the qualifications, attributes, and skills of Trustees are according to requirements of the SEC, do not constitute holding out the Board or any Trustee as having any special expertise or experience, and shall not impose any greater responsibility on any such person or the Board by reason thereof.

Trustee Standing Committees. The Trustees have established the following standing committees:

Audit Committee: All of the Independent Trustees are members of the Audit Committee. The Audit Committee oversees the Fund’s accounting and financial reporting policies and practices, reviews the results of the annual audits of the Fund’s financial statements, and interacts with the Fund’s independent auditors on behalf of all the Trustees. The Audit Committee also serves as the Trust’s qualified legal compliance committee. The Audit Committee operates according to an Audit Committee Charter and meets periodically as necessary. The Audit Committee met four times during the calendar year ended December 31, 2025.

Nominating and Corporate Governance Committee: All Independent Trustees are members of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee’s purposes, duties, and powers are outlined in its written charter, which is included in Appendix B. This charter also describes the process by which Trust shareholders may nominate. The Nominating and Corporate Governance Committee meets only as necessary and met once during the calendar year ended December 31, 2025.

Proxy Voting Committee: All Independent Trustees are members of the Proxy Voting Committee. The Proxy Voting Committee will determine how the Fund should cast its vote, if called upon by the Board or the Adviser, when a matter on which the Fund is entitled to vote presents a conflict between the interests of the Fund’s shareholders, on the one hand, and those of the Fund’s Adviser, principal underwriter or an affiliated person of the Fund, its investment adviser, or principal underwriter, on the other hand. The Proxy Voting Committee will also review the Trust’s Proxy Voting Policy and recommend any changes to the Board as it deems necessary or advisable. The Proxy Voting Committee meets only as needed and did not meet during the calendar year ended December 31, 2025.

Beneficial Equity Ownership Information. The table below shows for each Trustee the amount of Fund equity securities beneficially owned by each Trustee and the aggregate value of all investments in equity securities of the Fund complex as of a valuation date of December 31, 2025, and stated as one of the following ranges: A = None; B = \$1-\$10,000; C = 10,001-\$50,000; D - \$50,001-100,000; and E = over \$100,000.

Name of Trustee	Dollar Range of Equity Securities in the Fund*	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by a Director in a Family of Investment Companies
Tom M. Wirtshafter	A	E
Steven D. Poppen	A	A
Thomas J. Schmidt	A	A
Randall K. Linscott	A	E

Control Persons and Principal Holders of Securities. As of August 25, 2026, the Trustees and officers of the Trust, as a group, owned beneficially (*i.e.*, directly or indirectly had voting and/or investment power) less than 1% of the then outstanding shares of the Fund.

A principal shareholder is any person who owns (either of record or beneficially) 5% or more of the outstanding shares of the Fund. A control person is one who owns, either directly or indirectly, more than 25% of the voting securities of a Fund or acknowledges the existence of such control. As a controlling shareholder, each of these persons could control the outcome of any proposal submitted to the shareholders for approval, including changes to a Fund's fundamental policies or the terms of the investment advisory agreement. As of August 25, 2026, the following persons were record owners (or to the knowledge of the Trust, beneficial owners) of 5% or more of the shares of the Fund.

<u>Names and Address of Principal Holder</u>	<u>Shares</u>	<u>Percentage Owned of Record</u>
CM Solutions LLC 332 S. Michigan Ave, Suite 121-F7 Chicago, IL 60604	10,502	8.98%
CERES Coin, LLC 332 S. Michigan Ave, Suite 121-F7 Chicago, IL 60604	6,130	5.24%
M3Sixty Capital, LLC 4300 Shawnee Mission Parkway, Suite 100 Fairway, KS 66205	100,213	85.71%

Ownership of Securities of Adviser, Distributor, or Related Entities. As of December 31, 2025, none of the Independent Trustees and their immediate family members owned securities of the Adviser, Matrix 360 Distributors, LLC (the Fund's principal underwriter), or any entity controlling, controlled by, or under common control with the Adviser, or the Distributor.

Compensation. 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. Trust officers and interested Trustees receive compensation directly from certain service providers to the Trust, including the Distributor and M3Sixty Administration LLC. Each Trustee who is not an "interested person" receives a fee of \$5,000 yearly, plus a fee of \$1,500 per Fund each year and \$200 per Fund per Board or committee meeting attended. The Trust reimburses each Trustee and officer for their travel and other expenses relating to attendance at such meetings. The table below reflects the amount of compensation received by each Trustee for the calendar year ended December 31, 2025:

Name of Trustee	Aggregate Compensation from the Fund	Pension or Retirement Benefits Accrued As Part of Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation From Fund and Fund Complex Paid to Trustees
Independent Trustees				
Tom M. Wirtshafter	\$2,394	None	None	\$26,625
Steven D. Poppen	\$2,394	None	None	\$26,625
Thomas J. Schmidt	\$2,394	None	None	\$26,625
Interested Trustee				
Randall K. Linscott	None	None	None	None

* Each Trustee served as a Trustee to the series of the Trust as of December 31, 2025.

MANAGEMENT AND ADMINISTRATION

Investment Adviser. The Adviser is the Fund’s investment adviser under the terms of an investment advisory agreement (the “Advisory Agreement”) dated August 31, 2024. Under the Advisory Agreement, the Adviser reviews, supervises, and administers the Fund’s investment program, subject to the oversight of policies established by the Board. The Adviser is an affiliate of M3Sixty Administration, LLC, the Fund’s administrator, and Matrix 360 Distributors, LLC, the Fund’s distributor.

Under the Advisory Agreement, the Adviser is not liable for any error of judgment or mistake of law or any loss suffered by the Fund in connection with the performance of such Advisory Agreement, except a loss resulting from a breach of fiduciary duty concerning the receipt of compensation for services; or a loss resulting from willful misfeasance, bad faith or gross negligence on the part of the Adviser in the performance of its duties; or from its reckless disregard of its duties and obligations under the Advisory Agreement.

The continuance of the Advisory Agreement as to the Fund after the first two years must be approved explicitly at least annually (i) by the vote of the Board or by a vote of the shareholders of the Fund, and, in either case, (ii) by the vote of a majority of the Board who are not parties to the Advisory Agreement or “interested persons” (as defined in the 1940 Act) of any party to it, cast in person at a meeting called for the purpose of voting on such approval. The Advisory Agreement will terminate automatically in the event of its assignment and is terminable at any time concerning any Fund(s), without payment of any penalty, by the Trust’s Board or by a vote of the majority of the outstanding voting securities of the affected Fund(s) upon 60 days’ prior written notice to the Adviser and by the Adviser upon 60 days’ prior written notice to the Trust.

The Adviser has entered into an Expense Limitation Agreement with the Fund under which the Adviser has agreed to waive or reduce its fees and to assume other expenses of the Fund, if necessary, in an amount that limits the Fund’s annual operating expenses (exclusive of interest, borrowing expenses, distribution fees pursuant to Rule 12b-1 Plans, taxes, acquired fund fees and expenses, brokerage fees and commissions, dividend expenses on short sales, sub-transfer agency fees and other shareholder service fees, litigation expenses, expenditures which are capitalized in accordance with generally accepted accounting principles, and other extraordinary expenses not incurred in the ordinary course of such Fund’s business) to not more than 0.78% through at least December 31, 2027. Subject to approval by the Fund’s Board, any waiver under the Expense Limitation Agreement is subject to repayment by a Fund for a period of three years after such fee waiver or expense reimbursements were incurred, provided that the repayments do not cause Total Annual Fund Operating Expenses (after the repayment is taken into account) to exceed (i) the expense limitation then in effect, if any, and (ii) the expense limitation in effect at the time the expenses to be repaid were incurred. The Expense Limitation Agreement continues in effect with respect to the Fund through the expiration date set forth in its schedule and thereafter continues in effect annually. It may be terminated by either party, without payment of any penalty, upon 60 days’ prior written notice, provided that termination by the Adviser must be authorized by resolution of a majority of the Trustees who are not “interested persons” of the Trust, as defined by the 1940 Act, or by a vote of a majority of the Fund’s outstanding voting securities. In addition, to prevent a negative yield, management (i.e., the Adviser and certain of its affiliates) has voluntarily agreed to waive or limit its fees, to assume as its own expense certain expenses otherwise payable by the Fund and, if necessary, to make a capital infusion into the Fund. These voluntary waivers, expense reimbursements, and capital infusions may be modified or discontinued by management at any time and without further notice, and are not subject to recoupment.

The Fund paid the following advisory fees to the Adviser, of which the Adviser waived or recouped the amounts set forth in the table below:

Fiscal Year Ended	Advisory Fee	Recoupment (Waiver)	Expense Reimbursement	Advisory Fee after Waiver
September 30, 2025	\$402	\$(402)	\$(129,499)	\$0

Administrator. M3Sixty Administration, LLC (“M3Sixty”), with principal offices at 4300 Shawnee Mission Parkway, Suite 100, Fairway, KS 66205, provides accounting, administrative, transfer agency, dividend disbursing agency, and shareholder servicing agency services for the Trust under an Investment Company Services Agreement (the “Services Agreement”). 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 Fund’s portfolio securities, (d) pricing the Fund’s 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 Fund’s compliance; (j) maintaining shareholder account records. M3Sixty is an affiliate of the Adviser.

The Trust and M3Sixty entered into a Fund CCO Service Agreement (the “CCO Agreement”) pursuant to which M3Sixty provides a CCO and certain compliance support services to the Trust. The services consist primarily of reviewing and assessing the policies and procedures of the Trust and its service providers, overseeing the Trust’s services providers, conducting ongoing due diligence on such service providers, providing quarterly and annual reports to the Board regarding compliance with applicable federal securities laws, including Rule 38a-1 under the 1940 Act, and performing other services customary to the role of a CCO to a registered investment company. In consideration for providing such services, the Trust pays M3Sixty an annual fee and any out-of-pocket expenses related to the services.

The Fund paid the amounts set forth in the table below for fund administration, fund accounting, transfer agent services, and CCO services.

Fiscal Year Ended	Administration Fee	CCO Services
September 30, 2025	\$68,215	\$7,541

Sub-Transfer Agent. CERES Coin TA, LLC, with principal offices at 253 N. Barfield Dr., Marco Island, FL 34145, provides sub-transfer agency services for the Trust under a Sub-Transfer Agency Agreement between the Trust, on behalf of the Fund, and the Sub-Transfer Agent. Under the Sub-Transfer Agency Agreement, CERES Coin TA is responsible for a wide variety of functions, including but not limited to (a) processing shareholder transactions on the blockchain and reconciling such transactions with M3Sixty; preparation and filing of certain regulatory reports; (b) shareholder account management; blockchain infrastructure maintenance; (c) communications with shareholders; (d) maintaining shareholder account records; and (e) ensuring compliance with AML and other regulations.

The sub-transfer agency infrastructure is operated under patent-protected technology held by the Sub-Transfer Agent, including U.S. Patents 12,141,769; 11,797,955; 11,055,677; and pending U.S. Patent Application 18/943,183. Two additional U.S. provisional patent applications were filed on March 17, 2026.

The sub-transfer agent’s privileged authorities are held in separate multi-signature configurations implemented using Squads Protocol, a Solana-native multi-signature governance framework: one for authority over the Token-2022 mint for Fund shares, one for the freeze authority, and one for upgrade authority over the custom Transfer Hook program. A multi-signature (or “multi-sig”) wallet is a control arrangement in which no single person can act alone: the authority to take a privileged action, such as freezing a wallet account or upgrading the on-chain program, is divided among several designated individuals, each of whom holds a separate cryptographic key, and a minimum number of those individuals—the “quorum”—must each approve the action before it can be executed. Each of the Sub-Transfer Agent’s configurations has three designated signatories, identified by role, two designated by the Sub-Transfer Agent and one designated by the Transfer Agent, and the approval of two of the three is required before any privileged action can be executed. No individual holds more than one key, and each seat has a standing designated alternate. “Key rotation” means periodically replacing those cryptographic keys with newly generated ones, and doing so promptly whenever a signatory leaves the role or a key is suspected of being compromised, so that an old or exposed key cannot be used; the Sub-Transfer Agent rotates all keys at least annually and within twenty-four hours of a signatory’s departure or any suspected compromise. The Sub-Transfer Agent gives the Transfer Agent advance written notice before any exercise of the mint or program-upgrade authority, and each exercise of the freeze authority must be ratified in writing by the Sub-Transfer Agent’s chief compliance officer within one business day, failing which the wallet account is unfrozen. Signatory designations, quorum thresholds and key rotation procedures will be governed by a written policy of the Sub-Transfer Agent and a related operating procedure with the Transfer Agent, which will be presented to the Fund’s Board of Trustees for approval and reviewed at least annually thereafter. Use of the freeze authority is restricted to circumstances involving suspected unauthorized activity, regulatory requirement, or error correction, and every use is logged and reconciled with the transfer agent of record. More specifically, the Sub-Transfer Agent expects to exercise the freeze authority only in circumstances such as sanctions screening, know-your-customer, or anti-money laundering ineligibility; suspected fraud or unauthorized account access; a lost or compromised wallet; a court order, regulatory directive, transfer agent instruction, or other legally valid restriction; a material reconciliation discrepancy requiring investigation; or another event specifically permitted under the Sub-Transfer Agent’s compliance procedures. Freezing a wallet account prevents further recordkeeping entries for that account on the shadow recordkeeping layer until the account is unfrozen; it does not cancel or forfeit the shares recorded in the shareholder’s name on the Transfer Agent’s official book of record and does not prevent the shareholder from redeeming those shares directly with the Fund.

The Fund paid the amounts set forth in the table below for sub-transfer agent services. The Fund pays the Sub-Transfer Agent a fee at the annual rate of 0.35% of the Fund’s average daily net assets, which is shown as a separate line item in the Fund’s fee table in the Prospectus. No fee is payable by the Fund or its shareholders for use of the SPL Token Program or the Token-2022 program. The Sub-Transfer Agent or its affiliates bear all Solana network transaction fees and all fees of the third-party technology service provider that develops and maintains the custom on-chain program used by the Sub-Transfer Agent; accordingly, no such amounts are reflected in the Fund’s fee table.

Fiscal Year Ended	Sub-Transfer Agent Services
September 30, 2025	\$282

CERES Coin, LLC (“CERES Coin”), an affiliate of the Fund’s sub-transfer agent, expects to enter into separate agreements with point-of-sale (“POS”) providers that service cannabis operators, pursuant to which the POS provider will compensate CERES Coin with fees derived from a percentage of each settled transaction from the referred customers to connect to the platform. While CERES Coin receives compensation from the POS provider for integrating its application with the provider’s systems, the Fund or its shareholders do not pay this compensation. CERES Coin TA does not receive compensation from the POS provider, the Fund, or its shareholders. However, as CERES Coin is affiliated with the Fund’s sub-transfer agent, a potential conflict of interest exists. The Fund’s Board is aware of this relationship and will continue to monitor any potential conflicts to ensure the sub-transfer agency arrangement operates in the best interests of the Fund and its shareholders.

Distributor. Matrix 360 Distributors, LLC (the “Distributor”) acts as the principal underwriter and distributor of the Fund’s shares to facilitate the registration of shares of the Fund under state securities laws and to assist in sales of Fund shares under a Distribution Agreement (the “Distribution Agreement”) approved by the Trustees. The Distributor is a broker-dealer registered with the SEC and a member in good standing of the Financial Industry Regulatory Authority, Inc. and maintains, at its own expense, its qualification as a broker-dealer under all applicable federal or state laws in those states which the Fund shall from time to time identify to the Distributor as states in which it wishes to offer its shares for sale, so that state registrations may be maintained for the Fund. Shares of the Fund are sold continuously. The distribution agreement between the Fund and the Distributor requires the Distributor to use all reasonable efforts to distribute the Fund’s shares. However, the Distributor has no obligation to sell any specific number of shares and will only sell shares for orders it receives. The Distribution Agreement may be terminated by either party upon 60 days’ prior written notice to the other party. The Distributor is an affiliate of the Adviser.

The Distributor may receive compensation from third parties for selling and promoting Fund shares; neither the Fund nor its shareholders pay this compensation. The Distributor will disclose any such arrangements with the Board to continue monitoring potential conflicts and ensure the distribution activities are in the best interests of the Fund and its shareholders.

Custodian. Argent Institutional Trust Company serves as custodian for the Fund’s assets. The Custodian acts as the depository for the Fund, safekeeps its portfolio securities, collects all income and other payments concerning portfolio securities, disburses monies at the Fund’s request, and maintains records in connection with its duties as Custodian. For its services as a Custodian, the Custodian is entitled to receive from the Fund an annual fee of 0.0075% (0.75 basis points) based on the average net assets of the Fund held by the Custodian, plus additional out-of-pocket and transaction expenses incurred by the Fund.

Independent Registered Public Accounting Firm. The Trustees have selected the firm of Tait, Weller & Baker LLP, located at Two Liberty Place, 50 South 16th Street, Suite 2900, Philadelphia, Pennsylvania 19102-2529, to serve as independent registered public accountants for the Fund for the current fiscal year and to audit the annual financial statements of the Fund, prepare the Fund’s tax returns, including but not limited to federal, state and excise taxes, and consult with the Fund on matters of accounting and federal and state income taxation.

Independent registered public accountants will audit the financial statements of the Fund at least once each year. Shareholders will receive annual audited and semi-annual (unaudited) reports when published and written confirmation of all transactions in their account. A copy of the most recent Annual Report will accompany the SAI whenever a shareholder or a prospective investor requests it.

Legal Counsel. FinTech Law, www.fintechlaw.ai, serves as legal counsel to the Trust.

Code of Ethics. The Trust, Adviser, and Distributor have each adopted a code of ethics as required by federal securities laws. Under the code of ethics, employees designated as access persons may engage in personal securities transactions, including transactions involving securities being considered for the Fund or currently held by the Fund, subject to certain general restrictions and procedures. The personal securities transactions of access persons of the Trust, the Adviser, and the Distributor will be governed by the code of ethics. The code of ethics is on file with and available from the SEC.

PROXY VOTING POLICIES

The Trust has adopted a proxy voting and disclosure policy that delegates to the Adviser the authority to vote proxies for the Fund, subject to the Trustees’ oversight. Copies of the Trust’s Proxy Voting and Disclosure Policy and the Adviser’s Proxy Voting Policy and Procedures are included as Appendix A to this SAI.

Each year, the Fund is required to file Form N-PX stating how the Fund voted proxies relating to portfolio securities during the most recent 12 months ended June 30, within 60 days after the end of such period. Information regarding how the Fund voted proxies as outlined in its most recent filing of Form N-PX will be available (1) without charge, upon request, by calling the Fund at (877) 244-6235 and (2) on the SEC’s website at <http://www.sec.gov>.

PURCHASES, REDEMPTIONS, AND SPECIAL SHAREHOLDER SERVICES

Purchases. Reference is made to “Purchasing Shares” in the Prospectus for more information concerning how to purchase shares. Specifically, potential investors should refer to the Prospectus for information regarding buying shares by mail or bank wire, and for information regarding telephone orders. Information is also available regarding buying shares through the App or the Web Portal once they launch. The Prospectus also describes the Fund’s automatic investment plan and certain rights reserved by the Fund concerning orders for Fund shares. The following information supplements the information regarding share purchases in the Prospectus:

Pricing of Orders. Shares of the Fund will be offered and sold continuously. The purchase price of shares of the Fund is based on the net asset value next determined after the order is received, subject to the order being accepted by the Fund in good form. Net asset value is normally determined at 4:00 p.m. Eastern Time, as described under “Net Asset Value” below.

Accounts. An account allows for voluntary investments to be made at any time. Available to individuals and institutional investors (including, but not limited to, corporations, retirement plans, public plans, and foundations/endowments), investors can make additions and withdrawals to or from their accounts as often as they wish. When an investor makes an initial investment in the Fund, a shareholder account is opened following the investor’s registration instructions. Each time there is a transaction in a shareholder account, such as an additional investment or the reinvestment of a dividend or distribution, the shareholder will receive a confirmation statement showing the current transaction and all prior transactions in the shareholder account during the calendar year to date, along with a summary of the status of the account as of the transaction date.

Minimum Initial Investment. The Fund’s shares are sold and redeemed at net asset value. Shares may be purchased by any account managed by the Adviser and any other institutional investor. Institutional investors may invest directly through the Transfer Agent or through the App or the Web Portal. The minimum investment for the Fund is \$100. The Fund may, in the Adviser’s sole discretion, accept accounts with less than the minimum investment. Institutional investors may include, but are not limited to, corporations, retirement plans, public plans, and foundations/endowments. The Fund does not permit investments by financial intermediaries acting on behalf of their retail customers, including broker-dealers or other intermediaries on behalf of their retail customers.

Purchases in Kind. The Fund may accept securities instead of cash in payment for the purchase of shares in the Fund. The acceptance of such securities is at the sole discretion of the Adviser based upon the suitability of the securities accepted for inclusion as a long-term investment of the Fund, the marketability of such securities, and other factors that the Adviser may deem appropriate. If accepted, the securities will be valued using the same criteria and methods described in “Investing in the Fund - Determining the Fund’s Net Asset Value” in the Prospectus.

Share Certificates. The Fund does not issue stock certificates. Evidence of ownership of shares is provided solely through entry on the Transfer Agent’s official book of record. Corresponding share-ownership data is also recorded on the Sub-Transfer Agent’s shadow recordkeeping layer on the Solana network, which is not the Fund’s official record of share ownership and is reconciled to the Transfer Agent’s official record each business day. Investors will receive periodic account statements (and, where applicable, purchase confirmations) showing the number of shares owned.

Redemptions. Reference is made to “Redeeming Shares” in the Prospectus for more information about redeeming shares. Specifically, investors wishing to redeem shares in the Fund should refer to the Prospectus for information regarding redeeming shares by mail, telephone/fax, bank wire and in the future through the App or the Web Portal. The Prospectus describes the Fund’s policy regarding accounts that fall below the Fund’s required minimums, redemptions in kind, signature guarantees, and other information about the Fund’s redemption policies. The following information supplements the information regarding share redemptions in the Prospectus:

Suspension of Redemption Privileges and Postponement of Payment. The Fund may suspend redemption privileges or postpone the date of payment (i) during any period that the NYSE is closed for other than customary weekend and holiday closings or that trading on the NYSE is restricted as determined by the SEC; (ii) during any period when an emergency exists as defined by the rules of the SEC as a result of which it is not reasonably practicable for the Fund to dispose of securities owned by it, or to determine the fair value of its assets; and (iii) for such other periods as the SEC may permit. The Fund may also suspend or postpone the recordation of the transfer of shares upon the occurrence of any of the preceding conditions. Any redemption may be more or less than the shareholder’s cost depending on the market value of the securities held by the Fund. The Fund does not charge for redemptions other than the possible charge for wiring redemption proceeds.

Involuntary Redemptions. In addition to the situations described in the Prospectus under “Redeeming Shares,” the Fund may redeem shares involuntarily to reimburse the Fund for any loss sustained because of the failure of a shareholder to make full payment for shares purchased by the shareholder or to collect any charge relating to a transaction effected for the benefit of a shareholder which applies to Fund shares as provided in the Prospectus from time to time.

Additional Information. Following is additional information regarding specific services and features related to purchases, redemptions, and distribution of Fund shares. Investors who have questions about this information should call the Fund at (877) 244-6235.

Additional Information About Redemptions. The right to redeem shares of the Fund can be suspended, and the payment of the redemption price deferred when the NYSE is closed (other than for customary weekend and holiday closings), during periods when trading on the NYSE is restricted as determined by the SEC, or during any emergency as determined by the SEC which makes it impracticable for the Fund to dispose of its securities or value its assets, or during any other period permitted by order of the SEC for the protection of investors.

Under normal circumstances, the Fund does not intend to redeem shares by payment in kind. It is possible, however, that conditions may arise in the future that would, in the opinion of the Trustees, make it undesirable for the Fund to pay for all redemptions in cash. In such cases, the Trustees may authorize payment to be made in readily marketable portfolio securities of the Fund. Securities delivered in payment of redemptions would be valued at the same value assigned to them in computing the net asset value per share. Shareholders receiving them may incur brokerage costs when these securities are sold and will be subject to market risk until such securities are sold. An irrevocable election has been filed under Rule 18f-1 of the 1940 Act, wherein the Fund must pay redemptions in cash, rather than in kind, to any shareholder of record of the Fund who redeems during any 90 days, the lesser of (a) \$250,000 or (b) 1% of the Fund's net asset value at the beginning of such period. Redemption requests over this limit may be satisfied in cash or in kind at the Fund's election.

NET ASSET VALUE

The Fund values its portfolio instruments at amortized cost, which means they are valued at their acquisition cost, as adjusted for amortization of premium or discount, rather than at current market value. Calculations are made to compare the value of a fund's investments at amortized cost with market values. Such values are required to be determined in one of two ways: securities for which market quotations are readily available are required to be valued at current market value, and securities for which market quotations are not readily available are required to be valued at fair value following procedures approved by the Board. If the NYSE is closed due to weather or other extenuating circumstances on a day it would typically be open for business, or the NYSE has an unscheduled early closing on a day it has opened for business, the funds reserve the right to treat such day as a business day and accept purchase and redemption orders and calculate their share price as of the normally scheduled close of regular trading on the NYSE for that day. The funds use approved pricing services to provide values for their portfolio securities. Securities will be fair valued under procedures approved by the funds' Board when approved pricing services do not provide a value for a security, a furnished price appears manifestly incorrect, or events occur before the close of the NYSE that materially affect the furnished price. The Board has designated the investment adviser as the valuation designee (Valuation Designee) for the funds to perform the fair value determination relating to all fund investments. The Valuation Designee periodically reports to the Board on items related to the fair value of fund investments.

The amortized cost method of valuation seeks to maintain a stable net asset value per share (NAV) of \$1.00, even where there are fluctuations in interest rates that affect the value of portfolio instruments. Accordingly, this valuation method can, in certain circumstances, lead to a dilution of a shareholder's interest.

If a deviation of $\frac{1}{2}$ of 1% or more between a fund's NAV calculated using market values and a fund's \$1.00 NAV calculated using amortized cost were to occur or was expected to occur, or if there were any other deviation that the Board believed would result in a material dilution or other unfair results to shareholders or purchasers, the Board would promptly consider what action, if any, should be initiated, including, without limitation, selling portfolio instruments before their maturity to realize capital gains/losses or to shorten average portfolio maturity; redeeming shares in kind; establishing a NAV by using available market quotations or equivalents; or reducing the number of shares outstanding on a pro-rata basis through reverse stock splits or the assessment of negative dividends to the extent permissible by applicable law and the Trust's organizational documents. The Board may also consider taking these actions during a negative interest rate environment to maintain a fund's \$1.00 NAV to the extent permissible by applicable law and the Trust's organizational documents. In addition, if a fund's NAV calculated using market values declined, or was expected to decline, below a fund's \$1.00 NAV calculated using amortized cost, the Board might temporarily reduce or suspend dividend payments to maintain a fund's \$1.00 NAV. As a result of such reduction or suspension of dividends or other action by the Board, an investor would receive less income during a given period than if such a reduction or suspension had not occurred. Such action could result in investors receiving no dividend for the period during which they hold their shares and receiving, upon redemption, a price per share lower than they paid. On the other hand, if a fund's NAV calculated using market values were to increase or were anticipated to increase above a fund's \$1.00 NAV calculated using amortized cost, the Board might supplement dividends to maintain a fund's \$1.00 NAV. The Board may take any of these or other actions to the extent permissible by applicable law.

ADDITIONAL TAX INFORMATION

The following discussion summarizes certain U.S. federal income tax considerations affecting the Fund and its shareholders. The discussion reflects applicable federal income tax laws of the U.S. as of the date of this SAI, which tax laws may be changed or subject to new interpretations by the courts or the Internal Revenue Service (the "IRS"), possibly with retroactive effect. No attempt is made to present a detailed explanation of all U.S. income, estate, gift tax, or foreign, state, or local tax concerns affecting the Fund and its shareholders (including shareholders owning large positions in the Fund). The discussion set forth herein does not constitute tax advice. Investors are urged to consult their tax advisors to determine the tax consequences of investing in the Fund.

In addition, no attempt is made to address tax concerns applicable to an investor with a special tax status such as a financial institution, real estate investment trust, insurance company, regulated investment company ("RIC"), individual retirement account, other tax-exempt entity, dealer in securities or non-U.S. investor. Furthermore, this discussion does not reflect the possible application of the alternative minimum tax ("AMT"). Unless otherwise noted, this discussion assumes U.S. shareholders hold shares of the Fund and that such shares are held as capital assets.

A U.S. shareholder is a beneficial owner of shares of the Fund that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States (including certain former citizens and former long-term residents);
- a corporation or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust for which a court within the United States can exercise primary supervision over its administration and one or more U.S. shareholders have the authority to control all of its substantial decisions or the trust has made a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

A "Non-U.S. shareholder" is a beneficial owner of shares of the Fund that is an individual, corporation, trust, or estate and is not a U.S. shareholder. If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds shares of the Fund, the tax treatment of a partner in the partnership generally depends upon the partner's status and the partnership's activities. A prospective shareholder who is a partner of a partnership holding the Fund's shares should consult its tax advisors concerning the purchase, ownership, and disposition of its Fund shares.

Taxation as a RIC. The Fund intends to qualify and remain qualified as a RIC under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). The Fund will qualify as a RIC if, among other things, they meet the source-of-income and the asset-diversification requirements. Concerning the source-of-income requirement, the Fund must derive in each taxable year at least 90% of its gross income (including tax-exempt interest) from (i) dividends, interest, payments concerning certain securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including but not limited to gains from options, futures and forward contracts) derived concerning its business of investing in such shares, securities or currencies and (ii) net income derived from an interest in a "qualified publicly traded partnership." A "qualified publicly traded partnership" is generally defined as a publicly traded partnership under Internal Revenue Code section 7704. However, for these purposes, a qualified publicly traded partnership does not include a publicly traded partnership if 90% or more of its income is described in (i) above. Income derived from a partnership (other than a qualified publicly traded partnership) or trust is qualifying income to the extent such income is attributable to items of income of the partnership or trust, which would be qualifying income if realized by the Fund in the same manner as realized by the partnership or trust.

If a RIC fails this 90% source-of-income test, it is no longer subject to a 21% penalty as long as such failure was due to reasonable cause and not willful neglect. Instead, the penalty for non-compliance is the amount by which the non-qualifying income exceeds one-ninth of the qualifying gross income.

Concerning the asset-diversification requirement, the Fund must diversify its holdings so that, at the end of each quarter of each taxable year, (i) at least 50% of the value of the Fund's total assets is represented by cash and cash items, U.S. government securities, the securities of other RICs and other securities if such other securities of any one issuer do not represent more than 5% of the value of the Fund's total assets or more than 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of the Fund's total assets is invested in the securities other than U.S. government securities or the securities of other RICs of (a) one issuer, (b) two or more issuers that are controlled by the Fund and that are engaged in the same, similar or related trades or businesses, or (c) one or more qualified publicly traded partnerships.

If a RIC fails this asset-diversification test, such RIC, in addition to other cure provisions previously permitted, has a 6-month period to correct any failure without incurring a penalty if such failure is "de minimis," meaning that the failure does not exceed the lesser of 1% of the RIC's assets, or \$10 million.

Similarly, if a RIC fails this asset-diversification test and the failure is not de minimis, a RIC can cure failure if: (a) the RIC files with the Treasury Department a description of each asset that causes the RIC to fail the diversification tests; (b) the failure is due to reasonable cause and not willful neglect, and (c) the failure is cured within six months (or such other period specified by the Treasury). In such cases, a tax is imposed on the RIC equal to the greater of (a) \$50,000 or (b) an amount determined by multiplying the highest rate of tax (currently 21%) by the amount of net income generated during the period of diversification test failure by the assets that caused the RIC to fail the diversification test.

If the Fund qualifies as a RIC and distributes to its shareholders, for each taxable year, at least 90% of the sum of (i) its “investment company taxable income” as that term is defined in the Internal Revenue Code (which includes, among other things, dividends, taxable interest, the excess of any net short-term capital gains over net long-term capital losses and certain net foreign exchange gains as reduced by certain deductible expenses) without regard to the deduction for dividends paid, and (ii) the excess of its gross tax-exempt interest, if any, over certain deductions attributable to such interest that are otherwise disallowed, the Fund will be relieved of U.S. federal income tax on any income of the Fund, including long-term capital gains, distributed to shareholders. However, any ordinary income or capital gain retained by the Fund will be subject to U.S. federal income tax at regular corporate federal income tax rates (currently at a maximum rate of 21%). The Fund intends to distribute at least annually all or substantially all of its investment company taxable income, net tax-exempt interest, and net capital gain.

The Fund will generally be subject to a nondeductible 4% federal excise tax on the portion of their undistributed ordinary income concerning each calendar year and undistributed capital gains if they fail to meet certain distribution requirements concerning the one-year ending on October 31 in that calendar year. To avoid the 4% federal excise tax, the required minimum distribution is generally equal to the sum of (i) 98% of the Fund’s ordinary income (computed on a calendar year basis), (ii) 98.2% of the Fund’s capital gain net income (generally computed for the one year ending on October 31) and (iii) any income realized, but not distributed, and on which we paid no federal income tax in preceding years. The Fund generally intends to make distributions in a timely manner in an amount at least equal to the required minimum distribution; therefore, under normal market conditions, it does not expect to be subject to this excise tax.

The Fund may be required to recognize taxable income when they do not receive cash. For example, if the Fund holds debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with payment in kind interest or, in certain cases, with increasing interest rates or that are issued with warrants), the Fund must include in income each year a portion of the original issue discount that accrues over the life of the obligation regardless of whether the Fund receives cash representing such income in the same taxable year. Because any original issue discount accrued will be included in the Fund’s “investment company taxable income” (discussed above) for the year of accrual, the Fund may be required to make a distribution to its shareholders to satisfy the distribution requirement, even though it will not have received an amount of cash that corresponds with the income earned.

To the extent that the Fund has capital loss carryforwards from prior tax years, those carryforwards will reduce the net capital gains that can support the Fund’s distribution of Capital Gain Dividends. If the Fund uses net capital losses incurred in taxable years beginning on or before December 22, 2010 (pre-2011 losses), those carryforwards will not reduce the Fund’s current earnings and profits, as losses in later years will. As a result, if the Fund then makes distributions of capital gains recognized during the current year over net capital gains (as reduced by carryforwards), the portion of the excess equal to pre-2011 losses factoring into net capital gain will be taxable as an ordinary dividend distribution, even though that distributed excess amount would not have been subject to tax if retained by the Fund. Capital loss carryforwards are reduced to the extent they offset current-year net realized capital gains, whether the Fund retains or distributes such gains.

A RIC is generally permitted to carry forward net capital losses indefinitely and may allow losses to retain their original character (short- or long-term). For net capital losses recognized before such date, such losses can be carried forward up to 8 years and are characterized as short-term. These capital loss carryforwards may be utilized in future years to offset net realized capital gains of the Fund, if any, before distributing such gains to shareholders.

Gain or loss realized by the Fund from the sale or exchange of warrants acquired by the Fund and any loss attributable to the lapse of such warrants generally will be treated as capital gain or loss. Such gain or loss generally will be long-term or short-term, depending on how long the Fund held a particular warrant. Upon the exercise of a warrant acquired by the Fund, the Fund’s tax basis in the stock purchased under the warrant will equal the amount paid for the warrant plus the strike price paid on the exercise of the warrant. Except as outlined in “Failure to Qualify as a RIC,” the remainder of this discussion assumes that the Fund will qualify as RICs for each taxable year.

Failure to Qualify as a RIC. If the Fund cannot satisfy the 90% distribution requirement or otherwise fails to qualify as a RIC in any year, it will be subject to corporate-level income tax on all of its income and gain, regardless of whether or not such income was distributed. Distributions to the Fund’s shareholders of such income and gain will not be deductible by the Fund in computing its taxable income. In such event, the Fund’s distributions, to the extent derived from the Fund’s current or accumulated earnings and profits, would constitute ordinary dividends, which would generally be eligible for the dividends received deduction available to corporate shareholders. Non-corporate shareholders would generally be able to treat such distributions as “qualified dividend income” eligible for reduced rates of U.S. federal income taxation provided in each case that certain holding periods and other requirements are satisfied.

Distributions over the Fund's current and accumulated earnings and profits would be treated first as a return of capital to the extent of the shareholder's tax basis in their Fund shares, and any remaining distributions would be treated as a capital gain. To qualify as a RIC in a subsequent taxable year, the Fund would be required to satisfy the source-of-income, the asset diversification, and the annual distribution requirements for that year and dispose of any earnings and profits from any year in which the Fund failed to qualify for tax treatment as a RIC. Subject to a limited exception applicable to RICs that qualified as such under the Internal Revenue Code for at least one year before disqualification and that requalify as a RIC no later than the second year following the nonqualifying year, the Fund would be subject to tax on any unrealized built-in gains in the assets held by it during the period in which the Fund failed to qualify for tax treatment as a RIC that is recognized within the subsequent ten years, unless the Fund made a special election to pay corporate-level tax on such built-in gain at the time of its requalification as a RIC.

Taxation for U.S. Shareholders. Distributions paid to U.S. shareholders by the Fund from its investment company taxable income (which is, generally, the Fund's ordinary income plus net realized short-term capital gains over net realized long-term capital losses) are generally taxable to U.S. shareholders as ordinary income to the extent of the Fund's earnings and profits, whether paid in cash or reinvested in additional shares. Such distributions (if designated by the Fund) may qualify (i) for the dividends received deduction in the case of corporate shareholders under Section 243 of the Internal Revenue Code to the extent that the Fund's income consists of dividend income from U.S. corporations, excluding distributions from tax-exempt organizations, exempt farmers' cooperatives or real estate investment trusts or (ii) in the case of individual shareholders as qualified dividend income eligible to be taxed at reduced rates under Section 1(h)(11) of the Internal Revenue Code (which provides for a maximum 20% rate) to the extent that the Fund receives qualified dividend income, and provided in each case certain holding period and other requirements are met. Qualified dividend income is, in general, dividend income from taxable domestic corporations and qualified foreign corporations (e.g., generally, foreign corporations incorporated in possession of the United States or certain countries with a qualified comprehensive income tax treaty with the United States or the stock for which such dividend is paid is readily tradable on an established securities market in the United States). A qualified foreign corporation generally excludes any foreign corporation that is a passive foreign investment company for the taxable year of the corporation in which the dividend was paid or the preceding taxable year. Distributions made to a U.S. shareholder from an excess of net long-term capital gains over net short-term capital losses ("capital gain dividends"), including capital gain dividends credited to such shareholder but retained by the Fund, are taxable to such shareholder as long-term capital gain if they have been properly designated by the Fund, regardless of the length of time such shareholder owned the shares of the Fund. The maximum tax rate on capital gain dividends individuals receive is generally 20%. Distributions over the Fund's earnings and profits will be treated by the U.S. shareholder, first, as a tax-free return of capital, which is applied against and will reduce the adjusted tax basis of the U.S. shareholder's shares and, after such adjusted tax basis is reduced to zero, will constitute capital gain to the U.S. shareholder (assuming the shares are held as a capital asset). The Fund is not required to provide written notice designating the amount of any qualified dividend income or capital gain dividends and other distributions. Form 1099 will instead serve this notice purpose.

As a RIC, the Fund will be subject to the AMT, but any items that are treated differently for AMT purposes must be apportioned between the Fund and the shareholders and this may affect the shareholders' AMT liabilities. The Fund intends, in general, to apportion these items in the same proportion that dividends paid to each shareholder bear to the Fund's taxable income (determined without regard to the dividends paid deduction).

To determine (i) whether the annual distribution requirement is satisfied for any year and (ii) the amount of capital gain dividends paid for that year, the Fund may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If the Fund makes such an election, the U.S. shareholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by the Fund in October, November, or December of any calendar year, payable to shareholders of record on a specified date in such a month and paid during January of the following year, will be treated as if the U.S. shareholders had received it on December 31 of the year in which the dividend was declared.

The Fund intends to distribute all realized capital gains, if any, at least annually. If, however, the Fund were to retain any net capital gain, the Fund may designate the retained amount as undistributed capital gains in a notice to shareholders who, if subject to U.S. federal income tax on long-term capital gains, (i) will be required to include in income as long-term capital gain, their proportionate shares of such undistributed amount, and (ii) will be entitled to credit their proportionate shares of the federal income tax paid by the Fund on the undistributed amount against their U.S. federal income tax liabilities, if any, and to claim refunds to the extent the credit exceeds such liabilities. If such an event occurs, the tax basis of shares owned by a shareholder of the Fund will, for U.S. federal income tax purposes, generally be increased by the difference between the amount of undistributed net capital gain included in the shareholder's gross income and the tax deemed paid by the shareholders.

Sales and other dispositions of the shares of the Fund generally are taxable events. U.S. shareholders should consult their tax advisor concerning their circumstances to determine whether any particular transaction in the shares of the Fund is properly treated as a sale or exchange for federal income tax purposes, as the following discussion assumes, and the tax treatment of any gains or losses recognized in such transactions. The sale or other disposition of shares of the Fund will generally result in a capital gain or loss to the shareholder equal to the difference between the amount realized and his adjusted tax basis in the shares sold or exchanged and will be a long-term capital gain or loss if the shares have been held for more than one year at the time of sale. Any loss upon the sale or exchange of shares held for six months or less will be treated as long-term capital loss to the extent of any capital gains received (including amounts credited as an undistributed capital gain dividend) by such shareholders concerning such shares. A loss realized on a sale or exchange of shares of the Fund generally will be disallowed if other substantially identical shares are acquired within 61 days, beginning 30 days before and ending 30 days after the date that the shares are disposed of. In such a case, the basis of the shares acquired will be adjusted to reflect the disallowed loss. Present law taxes both long-term and short-term capital gain of corporations at the rates applicable to the ordinary income of corporations. For non-corporate taxpayers, short-term capital gain will currently be taxed at the rate applicable to ordinary income. In contrast, long-term capital gain will generally be taxed at a maximum rate. Capital losses are subject to certain limitations.

Federal law requires that mutual fund companies report their shareholders' cost basis, gain/loss, and holding period to the Internal Revenue Service on the Fund's shareholders' Consolidated Form 1099s when "covered" securities are sold. Covered securities are any regulated investment company and/or dividend reinvestment plan shares acquired on or after January 1, 2012.

The Fund selected the Average Cost method as its standing (default) tax lot identification method for all shareholders. A tax lot identification method is how the Fund will determine which specific shares are deemed to be sold when there are multiple purchases on different dates at differing net asset values. The entire position is not sold at one time. The Fund's standing tax lot identification method covers shares that will be reported on your Consolidated Form 1099 if you do not select a specific tax lot identification method. You may choose a method different than the Fund's standing method and will be able to do so at the time of your purchase or upon the sale of covered shares. Please refer to the appropriate Internal Revenue Service regulations or consult your tax advisor about your circumstances.

For those securities defined as "covered" under current Internal Revenue Service cost basis tax reporting regulations, the Fund is responsible for maintaining accurate cost basis and tax lot information for tax reporting purposes. The Fund is not responsible for the reliability or accuracy of the information for those securities that are not "covered." The Fund and its service providers do not provide tax advice. You should consult independent sources, including a tax professional, concerning any decisions you may make concerning choosing a tax lot identification method.

For taxable years beginning after December 31, 2012, certain U.S. shareholders, including individuals and estates and trusts, will be subject to an additional 3.8% Medicare tax on all or a portion of their "net investment income," which should include dividends from the Fund and net gains from the disposition of shares of the Fund. U.S. shareholders are urged to consult their tax advisors regarding the implications of the additional Medicare tax resulting from an investment in the Fund.

Pay-In-Kind Securities. Payment-in-kind securities and commodity-linked notes may give rise to income that is required to be distributed and is taxable even though the Fund holding the security receives no interest payment in cash on the security during the year.

If the Fund holds the preceding kinds of securities, it may be required to pay out an amount that is greater than the total amount of cash interest the Fund received as an income distribution each year. Such distributions may be made from the cash assets of the Fund or by liquidation of portfolio securities, if necessary (including when it is not advantageous to do so). The Fund may realize gains or losses from such liquidations. If the Fund realizes net capital gains from such transactions, its shareholders may receive a larger capital gain distribution than they would in the absence of such transactions.

Tax-Exempt Shareholders. A tax-exempt shareholder could recognize UBTI by its investment in the Fund if shares in the Fund constitute debt-financed property in the hands of the tax-exempt shareholder within the meaning of Internal Revenue Code Section 514(b). Furthermore, a tax-exempt shareholder may recognize UBTI if the Fund recognizes "excess inclusion income" derived from direct or indirect investments in residual interests in REMICs or equity interests in TMPs if the amount of such income recognized by the Fund exceeds the Fund's investment company taxable income (after taking into account deductions for dividends paid by the Fund).

In addition, special tax consequences apply to charitable remainder trusts (“CRTs”) that invest in regulated investment companies that invest directly or indirectly in residual interests in REMICs or equity interests in TMPs. Under legislation enacted in December 2006, a CRT (as defined in section 664 of the Internal Revenue Code) that realizes any UBTI for a taxable year must pay an excise tax annually of an amount equal to such UBTI. Under IRS guidance issued in October 2006, a CRT will not recognize UBTI solely due to investing in the Fund that recognizes “excess inclusion income.” Rather, if at any time during any taxable year, a CRT (or one of certain other tax-exempt shareholders, such as the United States, a state or political subdivision, or an agency or instrumentality thereof, and certain energy cooperatives) is a record holder of a share in the Fund that recognizes “excess inclusion income,” then the regulated investment company will be subject to a tax on that portion of its “excess inclusion income” for the taxable year that is allocable to such shareholders, at the highest federal corporate income tax rate. The extent to which this IRS guidance remains applicable in light of the December 2006 legislation is unclear. To the extent permitted under the 1940 Act, the Fund may elect to specially allocate any such tax to the applicable CRT or other shareholder and thus reduce such shareholder’s distributions for the year by the amount of the tax that relates to such shareholder’s interest in the Fund. The Fund has not yet determined whether such an election will be made. CRTs and other tax-exempt investors are urged to consult their tax advisers concerning the consequences of investing in the Fund.

Passive Foreign Investment Companies. A passive foreign investment company (“PFIC”) is any foreign corporation: (i) 75% or more of the gross income of which for the taxable year is passive income, or (ii) the average percentage of the assets of which (generally by value, but by adjusted tax basis in certain cases) that produce or are held for the production of passive income is at least 50%. Generally, passive income for this purpose means dividends, interest (including income equivalent to interest), royalties, rents, annuities, excess gains over losses from certain property transactions and commodities transactions, and foreign currency gains. Passive income for this purpose does not include rents and royalties the foreign corporation receives from active business and certain income from related persons.

Equity investments by the Fund in certain PFICs could potentially subject the Fund to a U.S. federal income tax or other charge (including interest charges) on the distributions received from the PFIC or on proceeds from the disposition of shares in the PFIC. This tax cannot be eliminated by making distributions to Fund shareholders. However, the Fund may elect to avoid the imposition of that tax. For example, if the Fund is in a position to and elects to treat a PFIC as a “qualified electing fund” (i.e., make a “QEF election”), the Fund will be required to include its share of the PFIC’s income and net capital gains annually, regardless of whether it receives any distribution from the PFIC. Alternatively, the Fund may make an election to mark the gains (and, to a limited extent, losses) in its PFIC holdings “to the market” as though it had sold and repurchased its holdings in those PFICs on the last day of the Fund’s taxable year. Such gains and losses are treated as ordinary income and loss. The QEF and mark-to-market elections may accelerate the recognition of income (without cash receipt) and increase the amount required to be distributed by the Fund to avoid taxation. Therefore, making either of these elections may require the Fund to liquidate other investments (including when it is not advantageous to do so) to meet its distribution requirement, which may accelerate the recognition of gain and affect the Fund’s total return. Dividends paid by PFICs will not be eligible to be treated as “qualified dividend income.”

Because it is not always possible to identify a foreign corporation as a PFIC, the Fund may incur the tax and interest charges described above in some instances.

Foreign Currency Transactions. The Fund’s transactions in foreign currencies, foreign currency-denominated debt obligations, and certain foreign currency options, futures contracts, and forward contracts (and similar instruments) may give rise to ordinary income or loss to the extent such income or loss results from fluctuations in the value of the foreign currency concerned. Any such net gains could require a larger dividend toward the end of the calendar year. Any such net losses will generally reduce and potentially require recharacterizing prior ordinary income distributions. Such ordinary income treatment may accelerate Fund distributions to shareholders and increase the distributions taxed to shareholders as ordinary income. The Fund cannot carry forward any net ordinary losses so created to offset income or gains earned in subsequent taxable years.

Foreign Taxation. Income received by the Fund from sources within foreign countries may be subject to withholding and other taxes imposed by such countries. Tax conventions between certain countries and the U.S. may reduce or eliminate such taxes. The Fund does not expect to be eligible to pass a credit or deduction to shareholders for such taxes.

Foreign Shareholders. Capital Gain Dividends are generally not subject to U.S. federal income tax withholding. Absent a specific statutory exemption, dividends other than Capital Gain Dividends paid by the Fund to a shareholder that is not a “U.S. person” within the meaning of the Internal Revenue Code (such shareholder, a “foreign shareholder”) are subject to withholding of U.S. federal income tax at a rate of 30% (or lower applicable treaty rate) even if they are funded by income or gains (such as portfolio interest, short-term capital gains, or foreign-source dividend and interest income) that, if paid to a foreign person directly, would not be subject to withholding.

A regulated investment company generally is not required to withhold any amounts (i) with respect to distributions (other than distributions to a foreign person (a) that does not provide a satisfactory statement that the beneficial owner is not a U.S. person, (b) to the extent that the dividend is attributable to certain interest on an obligation if the foreign person is the issuer or is a 10% shareholder of the issuer, (c) that is within a foreign country that has inadequate information exchange with the United States, or (d) to the extent the dividend is attributable to interest paid by a person that is a related person of the foreign person and the foreign person is a controlled foreign corporation) from U.S.-source interest income of types similar to those not subject to U.S. federal income tax if earned directly by an individual foreign person, to the extent such distributions are properly reported as such by the Fund in a written notice to shareholders (“interest-related dividends”), and (ii) with respect to distributions (other than (a) distributions to an individual foreign person who is present in the United States for a period or periods aggregating 183 days or more during the year of the distribution and (b) distributions subject to special rules regarding the disposition of U.S. real property interests as described below) of net short-term capital gains in excess of net long-term capital losses to the extent such distributions are properly reported by the regulated investment company (“short-term capital gain dividends”). If the Fund invests in an underlying fund that pays such distributions to the Fund, such distributions retain their character as not subject to withholding if properly reported when paid by the Fund to foreign persons.

The Fund is permitted to report such part of its dividends as interest-related or short-term capital gain dividends as are eligible, but is not required to do so. These exemptions from withholding will not be available to foreign shareholders of Funds that do not currently report their dividends as interest-related or short-term capital gain dividends.

In the case of shares held through an intermediary, the intermediary may withhold even if the Fund reports all or a portion of a payment as an interest-related or short-term capital gain dividend to shareholders. Foreign persons should contact their intermediaries regarding applying these rules to their accounts.

Under U.S. federal tax law, a beneficial holder of shares who is a foreign shareholder generally is not subject to U.S. federal income tax on gains (and is not allowed a deduction for losses) realized on the sale of shares of the Fund or Capital Gain Dividends unless (i) such gain or dividend is effectively connected with the conduct of a trade or business carried on by such holder within the United States, (ii) in the case of an individual holder, the holder is present in the United States for a period or periods aggregating 183 days or more during the year of the sale, or the receipt of the Capital Gain Dividend and certain other conditions are met, or (iii) the special rules relating to gain attributable to the sale or exchange of “U.S. real property interests” (“USRPIs”) apply to the foreign shareholder’s sale of shares of the Fund or to the Capital Gain Dividend the foreign shareholder received (as described below).

Special rules would apply if the Fund were either a “U.S. real property holding corporation” (“USRPHC”) or would be a USRPHC but for the operation of certain exceptions to the definition thereof. Generally, a USRPHC is a domestic corporation that holds USRPIs, the fair market value of which equals or exceeds 50% of the fair market values of the corporation’s USRPIs, interests in real property located outside the United States, and other assets. USRPIs are generally defined as any interest in U.S. real property and any interest (other than solely as a creditor) in a USRPHC or former USRPHC.

If the Fund were a USRPHC or would be a USRPHC but for the exceptions referred to above, any distributions by the Fund to a foreign shareholder (including, in certain cases, distributions made by the Fund in redemption of its shares) attributable to gains realized by the Fund on the disposition of USRPIs or to distributions received by the Fund from a lower-tier regulated investment company or REIT that the Fund is required to treat as USRPI gain in its hands generally would be subject to U.S. tax withholding. In addition, such distributions could result in the foreign shareholder being required to file a U.S. tax return and pay tax on the distributions at regular U.S. federal income tax rates. The consequences to a foreign shareholder, including the rate of such withholding and the character of such distributions (e.g., as ordinary income or USRPI gain), would vary depending upon the extent of the foreign shareholder’s current and past ownership of the Fund. On and after January 1, 2012, this “look-through” USRPI treatment for distributions by the Fund, if it were either a USRPHC or would be a USRPHC but for the operation of the exceptions referred to above, to foreign shareholders applies only to those distributions that, in turn, are attributable to distributions received by the Fund from a lower-tier REIT, unless Congress enacts legislation providing otherwise.

In addition, if the Fund were a USRPHC or former USRPHC, it could be required to withhold U.S. tax on the proceeds of a share redemption by a greater-than-5% foreign shareholder, in which case such foreign shareholder generally would also be required to file U.S. tax returns and pay any additional taxes due in connection with the redemption.

Whether or not the Fund is characterized as a USRPHC will depend upon the nature and mix of the Fund’s assets. The Fund does not expect to be a USRPHC. Foreign shareholders should consult their tax advisors concerning applying these rules to their investment in the Fund.

If a beneficial holder of Fund shares who is a foreign shareholder has a trade or business in the United States, and the dividends are effectively connected with the beneficial holder’s conduct of that trade or business, the dividend will be subject to U.S. federal net income taxation at regular income tax rates.

If a beneficial holder of Fund shares who is a foreign shareholder is eligible for the benefits of a tax treaty, any effectively connected income or gain will generally be subject to U.S. federal income tax on a net basis only if it is also attributable to a permanent establishment maintained by that beneficial holder in the United States.

To qualify for any exemptions from withholding described above or for lower withholding tax rates under income tax treaties, or to establish an exemption from backup withholding, a foreign shareholder must comply with special certification and filing requirements relating to its non-US status (including, in general, furnishing an IRS Form W-8BEN or substitute form). Foreign shareholders in the Fund should consult their tax advisers in this regard.

A beneficial holder of Fund shares who is a foreign shareholder may be subject to state and local tax, the U.S. federal estate tax, and the federal tax on income referred to above.

Backup Withholding. The Fund generally is required to withhold and remit to the U.S. Treasury a percentage of the taxable distributions and redemption proceeds paid to any individual shareholder who fails to properly furnish the Fund with a correct taxpayer identification number, who has under-reported dividend or interest income, or who fails to certify to the Fund that he or she is not subject to such withholding.

Backup withholding is not an additional tax. Any amounts withheld may be credited against the shareholder's U.S. federal income tax liability, provided the appropriate information is furnished to the IRS.

Tax Shelter Reporting Regulations. Under U.S. Treasury regulations, if a shareholder recognizes a loss with respect to the Fund's shares of \$2 million or more for an individual shareholder or \$10 million or more for a corporate shareholder, the shareholder must file a disclosure statement on Form 8886 with the IRS. In many cases, shareholders of portfolio securities are excluded from this reporting requirement, but under current guidance, shareholders of a regulated investment company are not excluded. Future guidance may extend the current exception from this reporting requirement to shareholders of most or all regulated investment companies. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Shareholders should consult their tax advisers to determine the applicability of these regulations in light of their circumstances.

Shareholder Reporting Obligations concerning Foreign Financial Assets. Certain individuals (and, if provided in future guidance, certain domestic entities) must disclose annually their interests in "specified foreign financial assets" on IRS Form 8938, which must be attached to their U.S. federal income tax returns for taxable years beginning after March 18, 2010. The IRS has not yet released a copy of Form 8938 and has suspended the requirement to attach Form 8938 for any taxable year for which an income tax return is filed before the release of Form 8938. Following Form 8938's release, individuals will be required to attach to their next income tax return required to be filed with the IRS a Form 8938 for each taxable year for which the filing of Form 8938 was suspended. Until the IRS provides more details regarding this reporting requirement, including in Form 8938 itself and related Treasury regulations, it remains unclear under what circumstances, if any, a shareholder's (indirect) interest in the Fund's "specified foreign financial assets," if any, will be required to be reported on this Form 8938.

Other Reporting and Withholding Requirements. Rules enacted in March 2010 require reporting to the IRS of U.S. persons' direct and indirect ownership of foreign financial accounts and foreign entities. Failure to provide this information can result in a 30% withholding tax on certain payments ("withholdable payments") made after December 31, 2012. Specifically, withholdable payments subject to this 30% withholding tax include payments of U.S.-source dividends and interest made on or after January 1, 2014, and payments of gross proceeds from the sale or other disposal of property that can produce U.S.-source dividends or interest made on or after January 1, 2015.

The IRS has issued only very preliminary guidance concerning these new rules; their scope remains unclear and potentially subject to material change. Very generally, it is possible that distributions made by the Fund after the dates noted above (or such later dates as may be provided in future guidance) to a shareholder, including a distribution in redemption of shares and a distribution of income or gains otherwise exempt from withholding under the rules applicable to non-U.S. shareholders described above (e.g., Capital Gain Dividends, Short-Term Capital Gain Dividends, and interest-related dividends, as described above) will be subject to the new 30% withholding requirement. Payments to a foreign shareholder that is a "foreign financial institution" will generally be subject to withholding unless such shareholder enters into a timely agreement with the IRS. Payments to shareholders that are U.S. persons or foreign individuals will generally not be subject to withholding so long as such shareholders provide the Fund with such certifications or other documentation, including, to the extent required, with regard to such shareholders' direct and indirect owners, as the Fund requires to comply with the new rules. Persons investing in the Fund through an intermediary should contact their intermediary regarding the application of the new reporting and withholding regime to their investments in the Fund.

Shareholders are urged to consult a tax advisor regarding this new reporting and withholding regime in light of their circumstances.

Shares Purchased through Tax-Qualified Plans. Special tax rules apply to investments through defined contribution plans and other tax-qualified plans. Shareholders should consult their tax advisers to determine the suitability of shares of the Fund as an investment through such plans and the precise effect of an investment on their particular tax situation.

Foreign Account Tax Compliance Act. Payments to a shareholder that is either a foreign financial institution (“FFI”) or a non-financial foreign entity (“NFFE”) within the meaning of the Foreign Account Tax Compliance Act (“FATCA”) may be subject to a generally nonrefundable 30% withholding tax on (a) income dividends paid by the Fund after June 30, 2014 and (b) certain capital gain distributions and the proceeds arising from the sale of Fund shares paid by the Fund after December 31, 2016. FATCA withholding tax generally can be avoided: (a) by an FFI, subject to any applicable intergovernmental agreement or other exemption, if it enters into a valid agreement with the IRS to, among other requirements, report required information about certain direct and indirect ownership of foreign financial accounts held by U.S. persons with the FFI and (b) by an NFFE, if it: (i) certifies that it has no substantial U.S. persons as owners or (ii) if it does have such owners, reports information relating to them. The Fund may disclose the information that it receives from its shareholders to the IRS, non-U.S. taxing authorities, or other parties as necessary to comply with FATCA. Withholding may also be required if a foreign entity that is a shareholder of the Fund fails to provide the Fund with appropriate certifications or other documentation concerning its status under FATCA.

FINANCIAL STATEMENTS

The Annual Report for the Fund for the fiscal year ended September 30, 2025, was filed with the SEC. The financial statements for the Fund for the fiscal year ended September 30, 2025, filed on Form N-CSR, are incorporated by reference into this SAI. The financial statements and financial highlights for the Fund included in the Form N-CSR have been audited by the Fund’s independent registered public accounting firm, Tait, Weller & Baker, LLP, whose report thereon also appears in the Form N-CSR and is also incorporated herein by reference. No other parts of Form N-CSR are incorporated by reference herein. The financial statements in Form N-CSR have been incorporated herein in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

You can receive free copies of shareholder reports, request other information, and discuss your questions about the Fund directly at:

360 FUNDS
c/o M3Sixty Administration, LLC
4300 Shawnee Mission Parkway, Suite 100
Fairway, Kansas 66205
Telephone: (877) 244-6235

APPENDIX A – PROXY VOTING POLICIES

The following proxy voting policies are provided:

- (1) the Trust's Proxy Voting and Disclosure Policy and
- (2) the Adviser's Proxy Voting and Disclosure Policy.

(1) PROXY VOTING AND DISCLOSURE POLICY FOR 360 FUNDS

I. Introduction

Effective April 14, 2003, the SEC adopted rule and form amendments under the Securities Act of 1933, the Securities Act of 1934, and the Investment Company Act of 1940 ("Investment Company Act") to require registered management investment companies to provide disclosure about how they vote proxies for their portfolio securities (collectively, the rule and form amendments are referred to herein as the "IC Amendments").

The IC Amendments require that the Trust and the Fund disclose the policies and procedures used to determine how to vote proxies for portfolio securities. The IC Amendments also require the Fund to file with the SEC and to make available to their shareholders the specific proxy votes cast for portfolio securities.

This Proxy Voting and Disclosure Policy ("Policy") ensures that the Fund complies with the requirements of the IC Amendments and otherwise fulfills its obligations concerning proxy voting, disclosure, and recordkeeping. The overall goal is to ensure that the Fund's proxy voting is managed to act in the best interests of its shareholders. While decisions about how to vote must be determined on a case-by-case basis, proxy voting decisions will be made considering these guidelines and following the procedures recited herein.

II. Specific Proxy Voting Policies and Procedures

A. General

The Trust's Board of Trustees ("Board") believes that the voting of proxies is an important part of portfolio management as it represents an opportunity for shareholders to make their voices heard and to influence the direction of a company. The Trust and the Fund are committed to voting corporate proxies in the manner that best serves the interests of the Fund's shareholders.

B. Delegation to Fund's Adviser

The Board believes that the Adviser, as the Fund's investment adviser, is in the best position to make individual voting decisions for the Fund consistent with this Policy. Therefore, subject to the oversight of the Board, the Adviser is hereby delegated the following duties:

- (1) to make the proxy voting decisions for the Fund; and
- (2) to assist the Fund in disclosing the Fund's proxy voting record as required by Rule 30b1-4 under the Investment Company Act, including providing the following information for each matter with respect to which the Fund was entitled to vote: (a) information identifying the matter voted on; (b) whether the matter was proposed by the issuer or by a security holder; (c) whether and how the Fund cast its vote; and (d) whether the Fund cast its vote for or against management.

The Board, including a majority of the independent trustees of the Board, shall approve the Adviser's Proxy Voting and Disclosure Policy ("Adviser's Voting Policy") as it relates to the Fund. The Board shall also approve any material changes to the Adviser's Voting Policy no later than four (4) months after adoption by the Adviser.

C. Conflicts

In cases where a matter with respect to which the Fund is entitled to vote presents a conflict between the interest of the Fund's shareholders, on the one hand, and those of the Fund's investment adviser, principal underwriter, or an affiliated person of the Fund, its investment adviser or principal underwriter, on the other hand, the Fund shall always vote in the best interest of the Fund's shareholders. For purposes of this Policy, a vote shall be considered in the best interest of the Fund's shareholders (i) when a vote is cast consistent with a specific voting policy as set forth in the Adviser's Voting Policy, provided such specific voting policy was approved by the Board or (ii) when a vote is cast consistent with the decision of the Trust's Proxy Voting Committee (as defined below).

III. Fund Disclosure

A. Disclosure of Fund Policies and Procedures With Respect to Voting Proxies Relating to Portfolio Securities

The Fund shall disclose this Policy, or a description of the policies and procedures of this Policy, to its shareholders in its Statement of Additional Information (“SAI”) on Form N-1A. The Fund will notify shareholders in the SAI and the Fund’s shareholder reports that a description of this Policy is available upon request, without charge, by calling a specified toll-free telephone number, by reviewing the Fund’s website, if applicable, and by reviewing filings available on the SEC’s website at <http://www.sec.gov>. The Fund will send this description of the Fund’s Policy within three business days of receipt of any shareholder request, by first-class mail or other means designed to ensure equally prompt delivery.

B. Disclosure of the Fund’s Complete Proxy Voting Record

In accordance with Rule 30b1-4 of the Investment Company Act, the Fund shall disclose to its shareholders on Form N-PX the Fund’s complete proxy voting record for the twelve month period ended June 30 by no later than August 31 of each year.

The Fund shall disclose the following information on Form N-PX for each matter relating to a portfolio security considered at any shareholder meeting held during the period covered by the report and with respect to which to the Fund was entitled to vote:

- (i) The name of the issuer of the portfolio security;
- (ii) The exchange ticker symbol of the portfolio security (if available through reasonably practicable means);
- (iii) The Council on Uniform Security Identification Procedures (“CUSIP”) number for the portfolio security (if available through reasonably practicable means);
- (iv) The shareholder meeting date;
- (v) A brief identification of the matter voted on;
- (vi) Whether the matter was proposed by the issuer or by a security holder;
- (vii) Whether the Fund cast its vote on the matter;
- (viii) How the Fund cast its vote (e.g., for or against proposal, or abstain; for or withhold regarding election of directors); and
- (ix) Whether the Fund cast its vote for or against management.

The Fund shall make its proxy voting record available to shareholders either upon request or by making available an electronic version on or through the Fund’s website, if applicable. If the Fund discloses its proxy voting record on or through its website, the Fund shall post the information disclosed in the Fund’s most recently filed report on Form N-PX on the website beginning the same day it files such information with the SEC.

The Fund shall also include in its annual reports, semi-annual reports and SAI a statement that information regarding how the Fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available (1) without charge upon request, by calling a specified toll-free (or collect) telephone number, or (if applicable) on or through the Fund’s website at a specified Internet address; and (2) on the SEC’s website. If the Fund discloses that its proxy voting record is available by calling a toll-free (or collect) telephone number, it shall send the information disclosed in the Fund’s most recently filed report on Form N-PX within three business days of receipt of a request for this information, by first-class mail or other means designed to ensure equally prompt delivery.

IV. Recordkeeping

The Trust shall keep the following records for a period of at least five years, the first two in an easily accessible place:

- (i) A copy of this Policy;
- (ii) Proxy Statements received regarding the Fund’s securities;
- (iii) Records of votes cast on behalf of the Fund; and

- (iv) A record of each shareholder request for proxy voting information and the Fund's response, including the date of the request, the name of the shareholder, and the date of the response.

The foregoing records may be kept as part of the Adviser's records.

The Fund may rely on proxy statements filed on the SEC EDGAR system instead of keeping its own copies, and may rely on proxy statements and records of proxy votes cast by the Adviser that are maintained with a third party such as a proxy voting service, provided that an undertaking is obtained from the third party to provide a copy of the documents promptly upon request.

V. Proxy Voting Committee

A. General

The Proxy Voting Committee of the Trust shall be composed entirely of independent trustees of the Board and may be comprised of one or more such independent trustees as the Board may, from time to time, decide. The purpose of the Proxy Voting Committee shall be to determine how the Fund should cast its vote, if called upon by the Board or the Adviser, when a matter with respect to which the Fund is entitled to vote presents a conflict between the interest of the Fund's shareholders, on the one hand, and those of the Fund's investment adviser, principal underwriter, or an affiliated person of the Fund, its investment adviser or principal underwriter, on the other hand.

B. Powers and Methods of Operation

The Proxy Voting Committee shall have all the powers necessary to fulfill its purpose as set forth above and such other powers and perform such other duties as the Board may, from time to time, grant and/or assign the Proxy Voting Committee. The Proxy Voting Committee shall meet at such times and places as the Proxy Voting Committee or the Board may, from time to time, determine. The act of a majority of the members of the Proxy Voting Committee in person, by telephone conference or by consent in writing without a meeting shall be the act of the Proxy Voting Committee. The Proxy Voting Committee shall have the authority to utilize Trust counsel at the expense of the Trust if necessary. The Proxy Voting Committee shall prepare minutes of each meeting and keep such minutes with the Trust's records. The Proxy Voting Committee shall review this Policy and recommend any changes to the Board as it deems necessary or advisable.

VI. Other

This Policy may be amended, from time to time; provided, however, that material changes are approved by the Board as provided under Section II(B) above.

APPENDIX B – NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

Nominating and Corporate Governance Committee Charter

360 Funds

Nominating and Corporate Governance Committee Membership

1. The Nominating and Corporate Governance Committee of 360 Funds (the “Trust”) shall be composed entirely of Independent Trustees.

Board Nominations and Functions

1. The Committee shall make nominations for Trustee membership on the Board of Trustees, including the Independent Trustees. The Committee shall evaluate candidates’ qualifications for Board membership and their independence from the investment advisers to the Trust’s series portfolios and the Trust’s other principal service providers. Persons selected as Independent Trustees must not be “interested person” as that term is defined in the Investment Company Act of 1940, nor shall Independent Trustee have any affiliations or associations that shall preclude them from voting as an Independent Trustee on matters involving approvals and continuations Investment Advisory Agreements and such other standards as the Committee shall deem appropriate. The Committee shall also consider the effect of any relationships beyond those delineated in the 1940 Act that might impair independence, *e.g.*, business, financial or family relationships with managers or service providers. See Appendix A for Procedures with Respect to Nominees to the Board.
2. The Committee shall periodically review Board governance procedures and shall recommend any appropriate changes to the full Board of Trustees.
3. The Committee shall periodically review the composition of the Board of Trustees to determine whether it may be appropriate to add individuals with different backgrounds or skill sets from those already on the Board.
4. The Committee shall periodically review trustee compensation and shall recommend any appropriate changes to the Independent Trustees as a group.

Committee Nominations and Functions

1. The Committee shall make nominations for membership on all committees and shall review committee assignments at least annually.
2. The Committee shall review, as necessary, the responsibilities of any committees of the Board, whether there is a continuing need for each committee, whether there is a need for additional committees of the Board, and whether committees should be combined or reorganized. The Committee shall make recommendations for any such action to the full Board.

Other Powers and Responsibilities

1. The Committee shall have the resources and authority appropriate to discharge its responsibilities, including authority to retain special counsel and other experts or consultants at the expense of the Trust.
2. The Committee shall review this Charter at least annually and recommend any changes to the full Board of Trustees.

Adopted: October 25, 2017

**APPENDIX A TO THE NOMINATING AND CORPORATE GOVERNANCE
COMMITTEE CHARTER**

360 FUNDS

PROCEDURES WITH RESPECT TO NOMINEES TO THE BOARD

- I. *Identification of Candidates.* When a vacancy on the Board of Trustees exists or is anticipated, and such vacancy is to be filled by an Independent Trustee, the Nominating and Corporate Governance Committee shall identify candidates by obtaining referrals from such sources as it may deem appropriate, which may include current Trustees, management of the Trust, counsel and other advisors to the Trustees, and shareholders of the Trust who submit recommendations in accordance with these procedures. In no event shall the Nominating and Corporate Governance Committee consider as a candidate to fill any such vacancy an individual recommended by any investment adviser of any series portfolio of the Trust, unless the Nominating and Corporate Governance Committee has invited management to make such a recommendation.
- II. *Shareholder Candidates.* The Nominating and Corporate Governance Committee shall, when identifying candidates for the position of Independent Trustee, consider any such candidate recommended by a shareholder if such recommendation contains: (i) sufficient background information concerning the candidate, including evidence the candidate is willing to serve as an Independent Trustee if selected for the position; and (ii) is received in a sufficiently timely manner as determined by the Nominating and Corporate Governance Committee in its discretion. Shareholders shall be directed to address any such recommendations in writing to the attention of the Nominating and Corporate Governance Committee, c/o the Secretary of the Trust. The Secretary shall retain copies of any shareholder recommendations which meet the foregoing requirements for a period of not more than 12 months following receipt. The Secretary shall have no obligation to acknowledge receipt of any shareholder recommendations.
- III. *Evaluation of Candidates.* In evaluating a candidate for a position on the Board of Trustees, including any candidate recommended by shareholders of the Trust, the Nominating and Corporate Governance Committee shall consider the following: (i) the candidate's knowledge in matters relating to the mutual fund industry; (ii) any experience possessed by the candidate as a director or senior officer of public companies; (iii) the candidate's educational background; (iv) the candidate's reputation for high ethical standards and professional integrity; (v) any specific financial, technical or other expertise possessed by the candidate, and the extent to which such expertise would complement the Board's existing mix of skills, core competencies and qualifications; (vi) the candidate's perceived ability to contribute to the ongoing functions of the Board, including the candidate's ability and commitment to attend meetings regularly and work collaboratively with other members of the Board; (vii) the candidate's ability to qualify as an Independent Trustee and any other actual or potential conflicts of interest involving the candidate and the Trust; and (viii) such other factors as the Nominating and Corporate Governance Committee determines to be relevant in light of the existing composition of the Board and any anticipated vacancies. Prior to making a final recommendation to the Board, the Nominating and Corporate Governance Committee shall conduct personal interviews with those candidates it concludes are the most qualified candidates.