

TOWLE DEEP VALUE FUND

Ticker Symbol: (TDVFX)

**ANNUAL REPORT
SEPTEMBER 30, 2017**

Towle Deep Value Fund
A series of Investment Managers Series Trust

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This report and the financial statements contained herein are provided for the general information of the shareholders of the Towle Deep Value Fund. This report is not authorized for distribution to prospective investors in the Fund unless preceded or accompanied by an effective prospectus.

TOWLE & CO.

DEEP VALUE INVESTING

1-888-998-6953

October 2017

To Our Shareholders:

When investing in deep value equities, disappointments along the way are always a possibility. An abrupt, negative change in investor perception or missed expectations can take place at any time and send a stock price lower. Given the profile of securities in which we invest, the Towle portfolio is more susceptible to short-term volatility than other investment strategies. *Consequently, we urge our investors to embrace a long-term, multi-year view when allocating investment capital to the Towle Deep Value Fund (the "Fund").*

Most importantly, investors must recognize that it's the inherent short-term volatility of deep value equities that creates the mispricing opportunity. *You can't have one without the other.* So our mission at Towle & Co. is to accurately measure these discrepancies, seeking to refute short-term perspectives or uncertainties regarding companies under investment consideration. In this process, our investors must be comfortable with the daily variability of the Fund's NAV and be discerning about the amount of capital invested.

The past year was marked by astonishing developments in global politics while public equity markets reached record high levels and logged unusually low volatility. Independent of common benchmarks and widely held stocks, the Fund exhibited more ups and downs but ultimately generated strong returns for the 12 months ended September 30, 2017.

Short and long term performance results are noted below.

For the six months ended September 30, 2017, the Fund produced a total return of 5.11% compared to a total return of 5.81% for the Russell 2000 Value and 7.71% for the S&P 500 Index.

For the 12 months ended September 30, 2017, the Fund produced a total return of 31.74% compared to a total return of 20.55% for the Russell 2000 Value and 18.61% for the S&P 500 Index.

From inception to September 30, 2017, the Fund has compounded capital at a 16.57% annualized rate of return compared to 13.39% for the Russell 2000 Value and 14.47% for the S&P 500 Index.

The stock market boost delivered by the "Trump Bump" in late 2016 and early 2017 began to slow near the end of March, demonstrating the ebb and flow of equity investing. As excitement surrounding the Republican pro-growth agenda waned and short-term interest rates advanced, investment capital pivoted from economically sensitive value stocks to a handful of large cap growth stocks in the technology sector. During the second quarter, the S&P 500 made 11 new all-time highs propelled by the upward movement in this narrow subset of securities while the Fund fell 6.55%. In August, however, solid economic data and prospects for corporate tax reform brought improved investor sentiment for economically sensitive, deep value equities, and the Fund turned sharply higher. The valuation gap between growth and value narrowed.

This move in pricing was most evident in the Industrials and Consumer Discretionary sectors, specifically auto, trucking, and transportation related issues. For the twelve months ended

The performance data quoted here represents past performance. Past performance is no guarantee of future results. Investment return and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain performance information current to the most recent month end please call 1-888-998-6953.

September 30th, several positions in this space posted high double digit, even triple digit gains. The Industrials sector as a whole contributed approximately 20% to the Fund’s annual performance. The largest individual position contributors and detractors were as follows:

| <u>Company</u> | <u>Return %</u> | <u>Contribution %</u> | <u>Company</u> | <u>Return %</u> | <u>Contribution %</u> |
|-------------------------|-----------------|-----------------------|---------------------------------|-----------------|-----------------------|
| 1. Meritor, Inc (MTOR) | 133.7 | 5.14 | 1. Aegean Marine (ANW) | -49.9 | -1.92 |
| 2. Fiat Chrysler (FCAU) | 179.8 | 4.44 | 2. Chicago Bridge & Iron (CBI) | -39.5 | -1.83 |
| 3. SkyWest, Inc (SKYW) | 67.5 | 4.10 | 3. Destination Maternity (DEST) | -82.1 | -1.50 |
| 4. ArcBest Corp (ARCB) | 78.2 | 2.70 | 4. Parker Drilling (PKD) | -49.3 | -1.36 |
| 5. Navistar Int’l (NAV) | 78.5 | 2.38 | 5. Ascena Retail Group (ASNA) | -56.2 | -1.23 |

Over the last six months, mispricing in a few select names afforded us the opportunity to add five new companies to the Fund’s portfolio. For various reasons these securities were discarded by the investment community. Our careful review revealed misunderstood or underappreciated businesses that met our stringent investment requirements. That said, multiples for stocks in general remain elevated. The Rule of 20 is a closely watched indicator at Towle & Co. Compared to historical year end data, the current reading of 21.5 points to a fully valued equity market.

| Rule of 20 | | | | | | |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|
| <i>(Value Line P/E + Inflation)</i> | | | | | | |
| <u>12/31/11</u> | <u>12/31/12</u> | <u>12/31/13</u> | <u>12/31/14</u> | <u>12/31/15</u> | <u>12/31/16</u> | <u>9/30/17</u> |
| 17.8 | 17.2 | 19.7 | 20.0 | 17.9 | 21.5 | 21.5 |

Yet, these high market valuations do not alter our mission of investing in mispriced, overlooked equities. We remain fervently committed to our process, knowing full well that circumstances change quickly and opportunities emerge unannounced. Should we fail to find attractive investments, we will not hesitate to hold additional cash.

When will the “good times” end for stock market investors? Since the Great Recession low on March 9, 2009, the S&P 500 Index has surged 372% through quarter end. The corresponding bull market is now the second longest on record. Valuation metrics are full to high as measured by our closely watched Rule of 20. What will unseat extended valuations and continued growth in corporate earnings?

Many strategists conclude that the next major downturn in stocks will likely occur when the U.S. finally succumbs to a reversal in economic growth, a recession. Such an event would not only result in reduced corporate earnings but also prompt a likely reduction in valuation multiples.

While forecasting a recession is difficult for all investors, several predictive tools exist to help us with this critical task. As a weekly discipline, we produce and evaluate our internally generated analytical tool called ACME. This analysis provides an overview of broad economic and financial indicators relevant to equity markets – Asset Valuation, Cost of Capital, Market Dynamics, and Economic Conditions. Additionally, in an effort to understand the “big picture,” our investment team reads and considers extensive amounts of information including how other market watchers monitor recessionary developments.

For instance, Sam Stovall, Chief Investment Strategist of U.S. Equity Strategy at CFRA Research, looks at four indicators to identify recessionary pressures (*Kiplinger’s Personal Finance*, October 2017):

- 1) Every recession since 1960 was preceded by a year-over-year *decline* in Housing Starts.

| | August 2016 | August 2017 | Conclusion |
|-----------------------|--------------------|--------------------|--------------------------|
| Housing Starts | 1,164,000 | 1,180,000 | No Recessionary Pressure |

- 2) Consumer Sentiment as measured by the University of Michigan must *drop* by an average of 9% year over year.

| | Sept 2016 | Sept 2017 | Conclusion |
|---------------------------|-----------|-----------|--------------------------|
| Consumer Sentiment | 91.2 | 95.1 | No Recessionary Pressure |

- 3) A six month *drop* averaging three percent on the Conference Board's Index of Leading Economic Indicators (LEI) is another warning.

| | February 2017 | August 2017 | Conclusion |
|------------|---------------|-------------|--------------------------|
| LEI | 126.2 | 128.8 | No Recessionary Pressure |

- 4) When the 10 year Treasury Bond *dips below* the 1 year Treasury Note (inverted yield curve), recessionary conditions may exist.

| | 1YR T-Notes | 10YR T-Bonds | Conclusion |
|--------------------|-------------|--------------|--------------------------|
| Yield Curve | 1.31% | 2.33% | No Recessionary Pressure |

From Stovall's perspective, one logically concludes that a U.S. recession is not at hand. In fact, the continuing narrative of attractive interest rates, low inflation, supportive commodity prices, and durable economic growth increase the likelihood that the next recession is still a ways off.

While numerous unsettled global issues persist, most investment strategists continue to view the world's economy as balanced and prosperous, exhibiting synchronized expansion for the first time since the Great Recession. Stock markets remain focused on the anticipated improvement in corporate earnings, and consensus earnings for the companies in the Fund's portfolio reflect this outlook.

Nevertheless, portfolio progress for the Towle Deep Value Fund has been substantial in recent years, and we must be alert to the most difficult phase of investing – knowing when to sell. Looking ahead, we will make every effort to be prudent in our capital allocation decisions, recognizing there is a time to be defensive.

Thank you for investing with us and for your continued confidence.

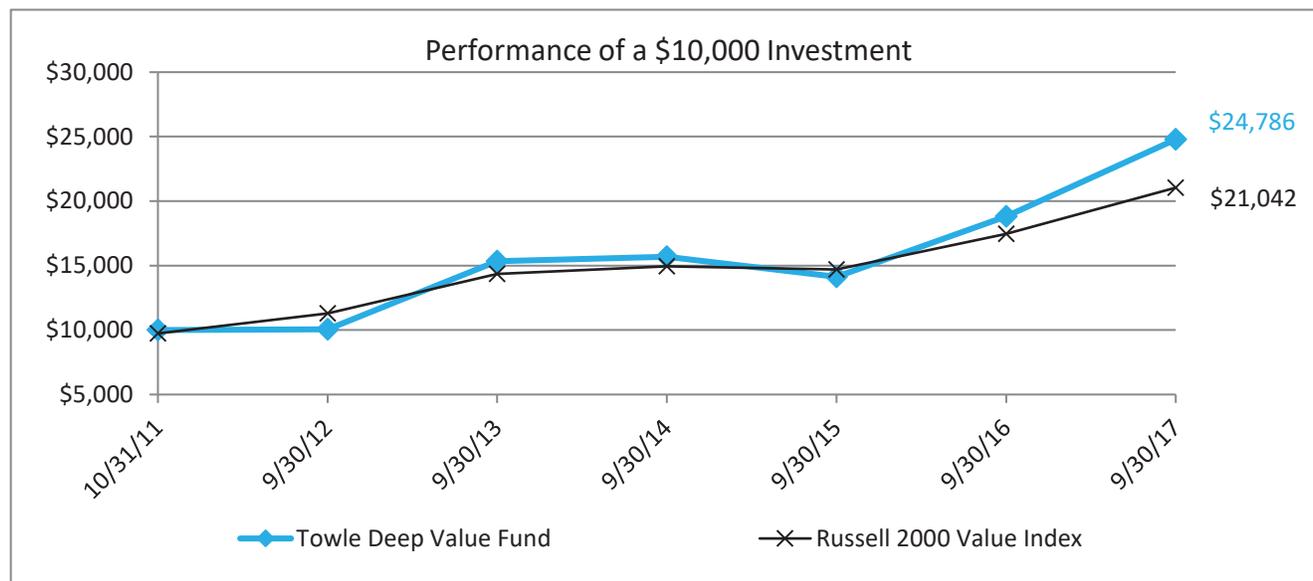
J. Ellwood Towle
 Christopher D. Towle
 Peter J. Lewis, CFA
 James M. Shields, CFA
 Wesley R. Tibbetts, CFA

Stock fund prices fluctuate and investors may lose principal value. Micro-cap, small-cap and mid-cap stocks involve greater risks, and they can fluctuate in price more than larger company stocks. Foreign investments present additional risk due to currency exchange rate fluctuations, economic developments, political instability, and other factors. The Fund is non-diversified which increases the risk that the value of the Fund could go down because of the poor performance of a single investment. A value oriented investing style may go in and out of favor which may cause the Fund to sometimes underperform other equity fund.

Instances of high double-digit returns are extraordinary and may not be repeated. The recent growth rate in the stock market has helped to produce short-term returns for some asset classes that are not typical and may not continue in the future. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.

The views in this shareholder letter were those of the Fund Managers as of the letter's publication date and may not reflect their views on the date this letter is first distributed or anytime thereafter. These views are intended to assist readers in understanding the Fund's investment methodology and do not constitute investment advice.

Towle Deep Value Fund
FUND PERFORMANCE at September 30, 2017 (Unaudited)



This graph compares a hypothetical \$10,000 investment in the Fund, made at its inception, with a similar investment in the Russell 2000 Value Index. The value of the Russell 2000 Value Index on October 28, 2011 is used as the beginning value on October 31, 2011. Results include reinvestment of all dividends and capital gains.

The Russell 2000 Value Index measures the performance of the small-cap value segment of the U.S. equity universe. This Index does not reflect expenses, fees or sales charge, which would lower performance. The Index is unmanaged and it is not possible to invest in an index.

| Average Annual Total Return as of September 30, 2017 | 1 Year | 5 Years | Since Inception | Inception Date |
|---|--------|---------|-----------------|----------------|
| Towle Deep Value Fund | 31.74% | 19.79% | 16.57% | 10/31/11 |
| Russell 2000 Value Index | 20.55% | 13.27% | 13.39% | 10/31/11 |

The performance data quoted here represents past performance and past performance is not a guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. The most recent month end performance may be obtained by calling 1-888-99TOWLE (888-998-6953).

Gross and net expense ratios for the Fund were 1.23% and 1.20%, respectively, which were the amounts stated in the current prospectus dated February 1, 2017. For the Fund's current one year expense ratios, please refer to the Financial Highlights section of this report. While the Fund's advisor has contractually agreed to waive its fees and/or pay operating expenses of the Fund to ensure that total annual fund operating expenses do not exceed 1.20% of the average daily net assets of the Fund, such a fee waiver of expense absorption was not necessary for the year ended September 30, 2017, as the annual fund expenses fell below its threshold. This agreement is in effect until January 31, 2018, and it may be terminated before that date only by the Trust's Board of Trustees. In the absence of such waivers, the Fund's returns would have been lower.

Returns reflect the reinvestment of distributions made by the Fund, if any. The graph and the performance table above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Shares redeemed within 90 days of purchase will be charged 2.00% redemption fee.

Towle Deep Value Fund
SCHEDULE OF INVESTMENTS
As of September 30, 2017

| Number of Shares | | Value |
|---------------------|--|-------------------|
| | COMMON STOCKS – 96.6% | |
| | BASIC MATERIALS – 3.0% | |
| 320,400 | Ryerson Holding Corp.* | \$ 3,476,340 |
| | CONSUMER, CYCLICAL – 41.2% | |
| 56,800 | Adient PLC ¹ | 4,770,632 |
| 495,200 | Ascena Retail Group, Inc.* | 1,213,240 |
| 355,300 | Fiat Chrysler Automobiles N.V.* ¹ | 6,363,423 |
| 166,600 | GameStop Corp. - Class A | 3,441,956 |
| 121,100 | Goodyear Tire & Rubber Co. | 4,026,575 |
| 38,400 | Group 1 Automotive, Inc. | 2,782,464 |
| 287,320 | Meritor, Inc.* | 7,473,193 |
| 252,740 | Pier 1 Imports, Inc. | 1,058,981 |
| 170,550 | SkyWest, Inc. | 7,487,145 |
| 152,000 | Sonic Automotive, Inc. - Class A | 3,100,800 |
| 395,240 | Sportsman's Warehouse Holdings, Inc.* | 1,782,533 |
| 156,800 | Tower International, Inc. | 4,264,960 |
| | | 47,765,902 |
| | CONSUMER, NON-CYCLICAL – 2.1% | |
| 239,360 | RR Donnelley & Sons Co. | 2,465,408 |
| | ENERGY – 7.4% | |
| 1,554,900 | Parker Drilling Co.* | 1,710,390 |
| 128,500 | PBF Energy, Inc. - Class A | 3,547,885 |
| 275,700 | Renewable Energy Group, Inc.* | 3,349,755 |
| | | 8,608,030 |
| | FINANCIAL – 5.9% | |
| 174,300 | Ally Financial, Inc. | 4,228,518 |
| 52,700 | CNA Financial Corp. | 2,648,175 |
| | | 6,876,693 |
| | INDUSTRIAL – 32.0% | |
| 310,700 | Aegean Marine Petroleum Network, Inc. ¹ | 1,537,965 |
| 125,900 | ArcBest Corp. | 4,211,355 |
| 76,600 | Atlas Air Worldwide Holdings, Inc.* | 5,040,280 |
| 350,900 | Celadon Group, Inc. | 2,368,575 |
| 211,300 | Chicago Bridge & Iron Co. N.V. ¹ | 3,549,840 |
| 231,100 | Flex Ltd.* ¹ | 3,829,327 |
| 154,500 | General Cable Corp. | 2,912,325 |
| 99,500 | Trinseo S.A. ¹ | 6,676,450 |
| 133,200 | Triumph Group, Inc. | 3,962,700 |
| 103,400 | Tutor Perini Corp.* | 2,936,560 |
| | | 37,025,377 |
| | TECHNOLOGY – 2.5% | |
| 332,920 | Unisys Corp.* | 2,829,820 |

Towle Deep Value Fund
SCHEDULE OF INVESTMENTS - Continued
As of September 30, 2017

| <u>Number of Shares</u> | | <u>Value</u> |
|-----------------------------|--|-----------------------|
| | COMMON STOCKS (Continued) | |
| | UTILITIES – 2.5% | |
| 169,000 | Korea Electric Power Corp. - ADR ¹ | \$ 2,832,440 |
| | TOTAL COMMON STOCKS | |
| | (Cost \$83,194,246) | 111,880,010 |
| | SHORT-TERM INVESTMENTS – 3.5% | |
| \$ 4,017,519 | UMB Money Market Fiduciary, 0.01% ² | 4,017,519 |
| | TOTAL SHORT-TERM INVESTMENTS | |
| | (Cost \$4,017,519) | 4,017,519 |
| | TOTAL INVESTMENTS – 100.1% | |
| | (Cost \$87,211,765) | 115,897,529 |
| | Liabilities in Excess of Other Assets – (0.1)% | (61,242) |
| | TOTAL NET ASSETS – 100.0% | \$ 115,836,287 |

ADR – American Depositary Receipt

PLC – Public Limited Company

* Non-income producing security.

¹ Foreign security denominated in U.S. Dollars.

² The rate is the annualized seven-day yield at period end.

See accompanying Notes to Financial Statements.

Towle Deep Value Fund
SUMMARY OF INVESTMENTS
As of September 30, 2017

| Security Type/Sector | Percent of Total Net Assets |
|---------------------------------------|--------------------------------|
| Common Stocks | |
| Consumer, Cyclical | 41.2% |
| Industrial | 32.0% |
| Energy | 7.4% |
| Financial | 5.9% |
| Basic Materials | 3.0% |
| Utilities | 2.5% |
| Technology | 2.5% |
| Consumer, Non-cyclical | 2.1% |
| Total Common Stocks | 96.6% |
| Short-Term Investments | 3.5% |
| Total Investments | 100.1% |
| Liabilities in Excess of Other Assets | (0.1)% |
| Total Net Assets | 100.0% |

See accompanying Notes to Financial Statements.

Towle Deep Value Fund
STATEMENT OF ASSETS AND LIABILITIES
As of September 30, 2017

Assets:

| | |
|---|--------------------|
| Investments, at value (cost \$87,211,765) | \$ 115,897,529 |
| Receivables: | |
| Investment securities sold | 1,472,750 |
| Fund shares sold | 10,784 |
| Dividends and interest | 22,563 |
| Prepaid expenses | 34,277 |
| Total assets | <u>117,437,903</u> |

Liabilities:

| | |
|--|------------------|
| Payables: | |
| Investment securities purchased | 1,482,383 |
| Fund shares redeemed | 936 |
| Advisory fees | 65,790 |
| Shareholder servicing fees (Note 7) | 3,518 |
| Auditing fees | 17,912 |
| Fund administration fees | 9,960 |
| Fund accounting fees | 5,660 |
| Transfer agent fees and expenses | 4,441 |
| Custody fees | 2,813 |
| Chief Compliance Officer fees | 611 |
| Trustees' deferred compensation (Note 3) | 151 |
| Trustees' fees and expenses | 27 |
| Accrued other expenses | 7,414 |
| Total liabilities | <u>1,601,616</u> |

Net Assets \$ 115,836,287

Components of Net Assets:

| | |
|---|------------------------------|
| Paid-in capital (par value of \$0.01 per share with an unlimited number of shares authorized) | \$ 72,086,052 |
| Accumulated net realized gain on investments | 15,064,471 |
| Net unrealized appreciation on investments | 28,685,764 |
| Net Assets | <u><u>\$ 115,836,287</u></u> |

Number of shares issued and outstanding 5,265,991
Net asset value per share \$ 22.00

See accompanying Notes to Financial Statements.

Towle Deep Value Fund
STATEMENT OF OPERATIONS
For the Year Ended September 30, 2017

Investment Income:

| | |
|---|------------------|
| Dividends (net of foreign tax withholding of \$5,223) | \$ 1,484,610 |
| Interest | 609 |
| Total investment income | <u>1,485,219</u> |

Expenses:

| | |
|-------------------------------------|------------------|
| Advisory fees | 1,067,802 |
| Fund administration fees | 128,957 |
| Shareholder servicing fees (Note 7) | 89,705 |
| Fund accounting fees | 51,725 |
| Transfer agent fees and expenses | 43,058 |
| Custody fees | 34,966 |
| Registration fees | 28,561 |
| Legal fees | 20,099 |
| Auditing fees | 18,002 |
| Shareholder reporting fees | 13,600 |
| Chief Compliance Officer fees | 13,198 |
| Trustees' fees and expenses | 6,800 |
| Miscellaneous | 6,501 |
| Insurance fees | 1,500 |
| Total expenses | <u>1,524,474</u> |
| Advisory fees recovered | <u>97,504</u> |
| Net expenses | <u>1,621,978</u> |
| Net investment loss | <u>(136,759)</u> |

Realized and Unrealized Gain on Investments:

| | |
|---|-------------------|
| Net realized gain on investments | 18,579,213 |
| Net change in unrealized appreciation/depreciation on investments | <u>10,687,238</u> |
| Net realized and unrealized gain on investments | <u>29,266,451</u> |

Net Increase in Net Assets from Operations

\$ 29,129,692

See accompanying Notes to Financial Statements.

Towle Deep Value Fund
STATEMENTS OF CHANGES IN NET ASSETS

| | For the Year Ended September 30, 2017 | For the Year Ended September 30, 2016 |
|--|--|--|
| Increase (Decrease) in Net Assets from: | | |
| Operations: | | |
| Net investment loss | \$ (136,759) | \$ (187,530) |
| Net realized gain (loss) on investments | 18,579,213 | (3,139,962) |
| Net change in unrealized appreciation/depreciation on investments | 10,687,238 | 24,391,754 |
| Net increase in net assets resulting from operations | 29,129,692 | 21,064,262 |
| Distributions to Shareholders: | | |
| From net realized gains | - | (2,503,890) |
| Total distributions to shareholders | - | (2,503,890) |
| Capital Transactions: | | |
| Net proceeds from shares sold | 73,600,589 | 37,355,706 |
| Reinvestment of distributions | - | 2,458,355 |
| Cost of shares redeemed ¹ | (90,069,053) | (11,428,008) |
| Net increase (decrease) in net assets from capital transactions | (16,468,464) | 28,386,053 |
| Total increase in net assets | 12,661,228 | 46,946,425 |
| Net Assets: | | |
| Beginning of period | 103,175,059 | 56,228,634 |
| End of period | <u>\$ 115,836,287</u> | <u>\$ 103,175,059</u> |
| Accumulated net investment loss | \$ - | \$ (128,542) |
| Capital Share Transactions: | | |
| Shares sold | 3,715,262 | 2,498,990 |
| Shares reinvested | - | 185,117 |
| Shares redeemed | (4,628,532) | (802,440) |
| Net increase (decrease) in capital share transactions | (913,270) | 1,881,667 |

¹ Net of redemption fee proceeds of \$126,824 and \$10,381, respectively.

See accompanying Notes to Financial Statements.

Towle Deep Value Fund
FINANCIAL HIGHLIGHTS

Per share operating performance.
For a capital share outstanding throughout each period.

| | For the Year Ended September 30, | | | | |
|--|----------------------------------|------------|-----------|-----------|-----------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Net asset value, beginning of period | \$ 16.70 | \$ 13.08 | \$ 14.97 | \$ 15.31 | \$ 10.05 |
| Income from Investment Operations: | | | | | |
| Net investment loss ¹ | (0.02) | (0.04) | (0.02) | (0.07) | (0.02) |
| Net realized and unrealized gain (loss) on investments | 5.30 | 4.22 | (1.38) | 0.44 | 5.30 |
| Total from investment operations | 5.28 | 4.18 | (1.40) | 0.37 | 5.28 |
| Less Distributions: | | | | | |
| From net investment income | - | - | - | - | (0.01) |
| From net realized gains | - | (0.56) | (0.49) | (0.71) | (0.01) |
| Total distributions | - | (0.56) | (0.49) | (0.71) | (0.02) |
| Redemption fee proceeds¹ | 0.02 | - | - | - | - |
| Net asset value, end of period | \$ 22.00 | \$ 16.70 | \$ 13.08 | \$ 14.97 | \$ 15.31 |
| Total return³ | 31.74% | 33.09% | (9.88)% | 2.32% | 52.55% |
| Ratios and Supplemental Data: | | | | | |
| Net assets, end of period (in thousands) | \$ 115,836 | \$ 103,175 | \$ 56,229 | \$ 59,372 | \$ 39,147 |
| Ratio of expenses to average net assets: | | | | | |
| Before fees waived/recovered | 1.13% | 1.23% | 1.26% | 1.32% | 2.14% |
| After fees waived/recovered | 1.20% | 1.20% | 1.20% | 1.20% | 1.20% |
| Ratio of net investment loss to average net assets: | | | | | |
| Before fees waived/recovered | (0.03)% | (0.29)% | (0.16)% | (0.53)% | (1.05)% |
| After fees waived/recovered | (0.10)% | (0.26)% | (0.10)% | (0.41)% | (0.11)% |
| Portfolio turnover rate | 62% | 40% | 44% | 23% | 43% |

¹ Based on average shares outstanding for the period.

² Amount represents less than \$0.01 per share.

³ Total returns would have been lower had expenses not been waived by the Advisor. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

See accompanying Notes to Financial Statements.

Towle Deep Value Fund
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

Note 1 – Organization

Towle Deep Value Fund (the “Fund”) was organized as a non-diversified series of Investment Managers Series Trust, a Delaware statutory trust (the “Trust”) which is registered as an open-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund’s primary investment objective is to seek long-term capital appreciation. The Fund commenced investment operations on October 31, 2011.

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 “Financial Services—Investment Companies”.

Note 2 – Accounting Policies

The following is a summary of the significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

(a) Valuation of Investments

The Fund values equity securities at the last reported sale price on the principal exchange or in the principal over the counter (“OTC”) market in which such securities are traded, as of the close of regular trading on the NYSE on the day the securities are being valued or, if the last-quoted sales price is not readily available, the securities will be valued at the last bid or the mean between the last available bid and ask price. Securities traded on the NASDAQ are valued at the NASDAQ Official Closing Price (“NOCP”). Debt securities are valued by utilizing a price supplied by independent pricing service providers. The independent pricing service providers may use various valuation methodologies including matrix pricing and other analytical pricing models as well as market transactions and dealer quotations. These models generally consider such factors as yields or prices of bonds of comparable quality, type of issue, coupon, maturity, ratings and general market conditions. If a price is not readily available for a portfolio security, the security will be valued at fair value (the amount which the Fund might reasonably expect to receive for the security upon its current sale) as determined in good faith by the Fund’s advisor, subject to review and approval by the Valuation Committee, pursuant to procedures adopted by the Board of Trustees. The actions of the Valuation Committee are subsequently reviewed by the Board at its next regularly scheduled board meeting. The Valuation Committee meets as needed. The Valuation Committee is comprised of all the Trustees, but action may be taken by any one of the Trustees.

(b) Investment Transactions, Investment Income and Expenses

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Dividend income is recorded net of applicable withholding taxes on the ex-dividend date and interest income is recorded on an accrual basis. Withholding taxes on foreign dividends, if applicable, are paid (a portion of which may be reclaimable) or provided for in accordance with the applicable country’s tax rules and rates and are disclosed in the Statement of Operations. Withholding tax reclaims are filed in certain countries to recover a portion of the amounts previously withheld. The Fund records a reclaim receivable based on a number of factors, including a jurisdiction’s legal obligation to pay reclaims as well as payment history and market convention. Discounts or premiums on debt securities are accreted or amortized to interest income over the lives of the respective securities using the effective interest method. Expenses incurred by the Trust with respect to more than one fund are allocated in proportion to the net assets of each fund except where allocation of direct expenses to each Fund or an alternative allocation method can be more appropriately made.

Towle Deep Value Fund
NOTES TO FINANCIAL STATEMENTS - Continued
September 30, 2017

(c) Federal Income Taxes

The Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its net investment income and any net realized gains to its shareholders. Therefore, no provision is made for federal income or excise taxes. Due to the timing of dividend distributions and the differences in accounting for income and realized gains and losses for financial statement and federal income tax purposes, the fiscal year in which amounts are distributed may differ from the year in which the income and realized gains and losses are recorded by the Fund.

Accounting for Uncertainty in Income Taxes (the "Income Tax Statement") requires an evaluation of tax positions taken (or expected to be taken) in the course of preparing a Fund's tax returns to determine whether these positions meet a "more-likely-than-not" standard that, based on the technical merits, have a more than fifty percent likelihood of being sustained by a taxing authority upon examination. A tax position that meets the "more-likely-than-not" recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations.

The Income Tax Statement requires management of the Fund to analyze tax positions taken in the prior three open tax years, if any, and tax positions expected to be taken in the Fund's current tax year, as defined by the IRS statute of limitations for all major jurisdictions, including federal tax authorities and certain state tax authorities. As of and during the open years ended September 30, 2014-2017, the Fund did not have a liability for any unrecognized tax benefits. The Fund has no examination in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

(d) Distributions to Shareholders

The Fund will make distributions of net investment income and capital gains, if any, at least annually. Distributions to shareholders are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from GAAP.

The character of distributions made during the year from net investment income or net realized gains may differ from the characterization for federal income tax purposes due to differences in the recognition of income, expense and gain (loss) items for financial statement and tax purposes.

Note 3 – Investment Advisory and Other Agreements

The Trust, on behalf of the Fund, entered into an Investment Advisory Agreement (the "Agreement") with Towle & Co. (the "Advisor"). Under the terms of the Agreement, the Fund pays a monthly investment advisory fee to the Advisor at the annual rate of 0.79% of the Fund's average daily net assets. The Fund's advisor has contractually agreed to waive its fees and/or pay for operating expenses of the Fund to ensure that total annual fund operating expenses (excluding any taxes, leverage interest, brokerage commissions, acquired fund fees and expenses (as determined in accordance with Form N-1A), expenses incurred in connection with any merger or reorganization, and extraordinary expenses such as litigation expenses) do not exceed 1.20% of the average daily net assets of the Fund. This agreement is in effect until January 31, 2018, and it may be terminated before that date only by the Trust's Board of Trustees.

For the year ended September 30, 2017, the Advisor recovered \$97,504 of previously waived advisory fees. The Fund's advisor is permitted to seek reimbursement from the Fund, subject to certain limitations, of fees waived or payments made to the Fund for a period ending three full fiscal years after the date of the waiver or payment. This reimbursement may be requested from the Fund if the reimbursement will not cause the Fund's annual expense ratio to exceed the lesser of (a) the expense limitation amount in effect at the time such fees were waived or

Towle Deep Value Fund
NOTES TO FINANCIAL STATEMENTS - Continued
September 30, 2017

payments made, or (b) the expense limitation amount in effect at the time of the reimbursement. At September 30, 2017, the amount of these potentially recoverable expenses was \$26,346. The Advisor may recapture all or a portion of this amount no later than September 30 of the years stated below:

| | |
|-------|-----------|
| 2018 | \$ 2,363 |
| 2019 | 23,983 |
| Total | \$ 26,346 |

IMST Distributors, LLC serves as the Fund’s distributor; UMB Fund Services, Inc. (“UMBFS”) serves as the Fund’s fund accountant, transfer agent and co-administrator; and Mutual Fund Administration, LLC (“MFAC”) serves as the Fund’s other co-administrator. UMB Bank, n.a., an affiliate of UMBFS, serves as the Fund’s custodian.

Certain trustees and officers of the Trust are employees of UMBFS or MFAC. The Fund does not compensate trustees and officers affiliated with the Fund’s co-administrators. For the year ended September 30, 2017, the Fund’s allocated fees incurred to Trustees who are not affiliated with the Fund’s co-administrators are reported on the Statement of Operations.

The Fund’s Board of Trustees had adopted a Deferred Compensation Plan (the “Plan”) for the Independent Trustees that enables Trustees to elect to receive payment in cash or defer some or all payments provided for in the Plan. If a trustee elects to defer payment, the Plan provides for the creation of a deferred payment account. The Fund’s liability for these amounts is adjusted for market value changes and remains in the Fund until distributed in accordance with the Plan. All amounts payable under the Plan constitute a general unsecured obligation of the Fund.

Dziura Compliance Consulting, LLC provides Chief Compliance Officer (“CCO”) services to the Trust. The Fund’s allocated fees incurred for CCO services for the year ended September 30, 2017, are reported on the Statement of Operations.

Note 4 – Federal Income Taxes

At September 30, 2017, gross unrealized appreciation and depreciation of investments owned by the Fund, based on cost for federal income tax purposes were as follows:

| | |
|--|----------------------|
| Cost of investments | \$ <u>89,852,049</u> |
| Gross unrealized appreciation | \$ 34,740,674 |
| Gross unrealized depreciation | <u>(8,695,194)</u> |
| Net unrealized appreciation on investments | \$ <u>26,045,480</u> |

The difference between cost amounts for financial statement and federal income tax purposes is due primarily to timing differences in recognizing certain gains and losses in security transactions.

GAAP requires that certain components of net assets be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the year ended September 30, 2017, permanent differences in book and tax accounting have been reclassified to paid-in capital, accumulated net investment income/loss and accumulated net realized gain/loss as follows:

Towle Deep Value Fund
NOTES TO FINANCIAL STATEMENTS - Continued
September 30, 2017

| | Increase (Decrease) | |
|-----------------|--|------------------------------------|
| Paid-in Capital | Accumulated Net Investment Income/Loss | Accumulated Net Realized Gain/Loss |
| \$ (265,301) | \$ 265,301 | \$ - |

As of September 30, 2017, the components of accumulated earnings (deficit) on a tax basis were as follows:

| | |
|--|----------------------|
| Undistributed ordinary income | \$ - |
| Undistributed long-term capital gains | 17,704,755 |
| Accumulated earnings | <u>17,704,755</u> |
| Accumulated capital and other losses | - |
| Unrealized appreciation on investments | 26,045,480 |
| Total accumulated earnings | <u>\$ 43,750,235</u> |

The tax character of the distributions paid during the fiscal years ended September 30, 2017 and September 30, 2016 were as follows:

| Distribution paid from: | 2017 | 2016 |
|-----------------------------|-------------|---------------------|
| Ordinary income | \$ - | \$ - |
| Net long-term capital gains | - | 2,503,570 |
| Total distributions paid | <u>\$ -</u> | <u>\$ 2,503,570</u> |

During the fiscal year ended September 30, 2017, the Fund utilized \$2,815,874 of its short-term capital loss carryover.

Note 5 – Redemption Fee

The Fund may impose a redemption fee of 2.00% of the total redemption amount on all shares redeemed within 90 days of purchase. For the year ended September 30, 2017 and for the year ended September 30, 2016, the Fund received \$126,824 and \$10,381, respectively.

Note 6 – Investment Transactions

For the year ended September 30, 2017, purchases and sales of investments, excluding short-term investments, were \$79,278,927 and \$93,860,285, respectively.

Note 7 – Shareholder Servicing Plan

The Trust, on behalf of the Fund, has adopted a Shareholder Servicing Plan to pay a fee at an annual rate of up to 0.15% of average daily net assets of shares serviced by shareholder servicing agents who provide administrative and support services to their customers.

For the year ended September 30, 2017, shareholder servicing fees incurred are disclosed on the Statement of Operations.

Note 8 – Indemnifications

In the normal course of business, the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this

Towle Deep Value Fund
NOTES TO FINANCIAL STATEMENTS - Continued
September 30, 2017

would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund expects the risk of loss to be remote.

Note 9 – Fair Value Measurements and Disclosure

Fair Value Measurements and Disclosures defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosure about fair value measurements. It also provides guidance on determining when there has been a significant decrease in the volume and level of activity for an asset or a liability, when a transaction is not orderly, and how that information must be incorporated into a fair value measurement.

Under *Fair Value Measurements and Disclosures*, various inputs are used in determining the value of the Fund's investments. These inputs are summarized into three broad Levels as described below:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different Levels of the fair value hierarchy. In such cases, for disclosure purposes, the Level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest Level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the inputs used, as of September 30, 2017, in valuing the Fund's assets carried at fair value:

| | Level 1 | Level 2** | Level 3** | Total |
|--------------------------|-----------------------|-------------|-------------|-----------------------|
| Investments | | | | |
| Common Stocks* | \$ 111,880,010 | \$ - | \$ - | \$ 111,880,010 |
| Short-Term Investments | 4,017,519 | - | - | 4,017,519 |
| Total Investments | \$ 115,897,529 | \$ - | \$ - | \$ 115,897,529 |

Towle Deep Value Fund
NOTES TO FINANCIAL STATEMENTS - Continued
September 30, 2017

* All common stocks held in the Fund are Level 1 securities. For a detailed break-out of common stocks by major sector classification, please refer to the Schedule of Investments.

** The Fund did not hold any Level 2 or Level 3 securities at period end.

Transfers between Levels 1, 2, or 3 are recognized at the end of the reporting period. There were no transfers between levels at period end.

Note 10 – Events Subsequent to the Fiscal Period End

The Fund has adopted financial reporting rules regarding subsequent events which require an entity to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet. Management has evaluated the Fund's related events and transactions that occurred through the date of issuance of the Fund's financial statements. There were no events or transactions that occurred during this period that materially impacted the amounts or disclosures in the Fund's financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees of Investment Managers Series Trust and Shareholders of Towle Deep Value Fund

We have audited the accompanying statement of assets and liabilities of the Towle Deep Value Fund (the "Fund"), a series of Investment Managers Series Trust, including the schedule of investments, as of September 30, 2017, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of September 30, 2017, by correspondence with the custodian and brokers or by other appropriate procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Towle Deep Value Fund as of September 30, 2017, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
November 27, 2017

Towle Deep Value Fund
SUPPLEMENTAL INFORMATION (Unaudited)

Trustees and Officers Information

Additional information about the Trustees is included in the Fund’s Statement of Additional Information which is available, without charge, upon request by calling 1-888-99TOWLE. The Trustees and officers of the Fund and their principal occupations during the past five years are as follows:

| Name, Address, Year of Birth and Position(s) held with Trust | Term of Office^c and Length of Time Served | Principal Occupation During the Past Five Years and Other Affiliations | Number of Portfolios in the Fund Complex Overseen by Trustee^d | Other Directorships Held by Trustee During the Past Five Years |
|--|---|--|---|--|
| Independent Trustees: | | | | |
| Charles H. Miller ^a (born 1947) Trustee | Since November 2007 | Retired (2013 – present). Executive Vice President, Client Management and Development, Access Data, a Broadridge company, a provider of technology and services to asset management firms (1997-2012). | 1 | None. |
| Ashley Toomey Rabun ^a (born 1952) Trustee and Chairperson of the Board | Since November 2007 | Retired (2016 – present). President and Founder, InvestorReach, Inc., a financial services consulting firm (1996 – 2015). | 1 | Select Sector SPDR Trust, a registered investment company (includes 10 portfolios). |
| William H. Young ^a (born 1950) Trustee | Since November 2007 | Retired (2014 - present). Independent financial services consultant (1996 – 2014). Interim CEO, Unified Fund Services Inc. (now Huntington Fund Services), a mutual fund service provider (2003 – 2006). Senior Vice President, Oppenheimer Management Company (1983 – 1996). Chairman, NICSA, an investment management trade association (1993 – 1996). | 1 | None. |
| John P. Zader ^a (born 1961) Trustee | Since November 2007 | Retired (June 2014 - present). CEO, UMB Fund Services, Inc., a mutual fund and hedge fund service provider, and the transfer agent, fund accountant, and co-administrator for the Fund (December 2006 - June 2014). President, Investment Managers Series Trust (December 2007 - June 2014). | 1 | Investment Managers Series Trust II, a registered investment company (includes 13 portfolios). |

Towle Deep Value Fund

SUPPLEMENTAL INFORMATION (Unaudited) - Continued

| Name, Address, Year of Birth and Position(s) held with Trust | Term of Office ^c and Length of Time Served | Principal Occupation During the Past Five Years and Other Affiliations | Number of Portfolios in the Fund Complex Overseen by Trustee ^d | Other Directorships Held by Trustee During the Past Five Years |
|---|---|---|---|--|
| Interested Trustee: | | | | |
| Eric M. Banhazl ^{bt} (born 1957) Trustee | Since January 2008 | Chairman (2016 – present), and President (2006 – 2015), Mutual Fund Administration, LLC, the co-administrator for the Fund. Trustee and Vice President, Investment Managers Series Trust (December 2007 – March 2016). | 1 | Investment Managers Series Trust II, a registered investment company (includes 13 portfolios). |
| Officers of the Trust: | | | | |
| Maureen Quill ^a (born 1963) President | Since June 2014 | Chief Operating Officer (June 2014 - present), and Executive Vice President, UMB Fund Services, Inc. (January 2007 – June 2014). Vice President, Investment Managers Series Trust (December 2013 - June 2014). | N/A | N/A |
| Rita Dam ^b (born 1966) Treasurer and Assistant Secretary | Since December 2007 | Co-Chief Executive Officer (2016 – present), and Vice President (2006 – 2015), Mutual Fund Administration, LLC. | N/A | N/A |
| Joy Ausili ^b (born 1966) Vice President, Assistant Secretary and Assistant Treasurer | Since March 2016 | Co-Chief Executive Officer (2016 – present), and Vice President (2006 – 2015), Mutual Fund Administration, LLC. Secretary and Assistant Treasurer, Investment Managers Series Trust (December 2007 – March 2016). | N/A | N/A |
| Diane Drake ^b (born 1967) Secretary | Since March 2016 | Senior Counsel, Mutual Fund Administration, LLC (October 2015 – present). Managing Director and Senior Counsel, BNY Mellon Investment Servicing (US) Inc. (2010 – 2015). | N/A | N/A |
| Martin Dziura ^b (born 1959) Chief Compliance Officer | Since June 2014 | Principal, Dziura Compliance Consulting, LLC (October 2014 – present). Managing Director, Cipperman Compliance Services (2010 – September 2014). Chief Compliance Officer, Hanlon Investment Management (2009 – 2010). Vice President – Compliance, Morgan Stanley Investment Management (2000 – 2009). | N/A | N/A |

Towle Deep Value Fund

SUPPLEMENTAL INFORMATION (Unaudited) - Continued

- a Address for certain Trustees and certain officers: 235 West Galena Street, Milwaukee, Wisconsin 53212.
- b Address for Mr. Banhazl, Ms. Ausili, Ms. Dam and Ms. Drake: 2220 E. Route 66, Suite 226, Glendora, California 91740.
Address for Mr. Dziura: 309 Woodridge Lane, Media, Pennsylvania 19063.
- c Trustees and officers serve until their successors have been duly elected.
- d The Trust is comprised of numerous series managed by unaffiliated investment advisors. The term “Fund Complex” applies only to the Fund managed by the same investment advisor. The Fund does not hold itself out as related to any other series within the Trust, for purposes of investment and investor services, nor does it share the same investment advisor with any other series.
- † Mr. Banhazl is an “interested person” of the Trust by virtue of his position with Mutual Fund Administration, LLC.

Towle Deep Value Fund

SUPPLEMENTAL INFORMATION (Unaudited) - Continued

Board Consideration of Investment Advisory Agreement

At an in-person meeting held on June 13-15, 2017, the Board of Trustees (the “Board”) of Investment Managers Series Trust (the “Trust”), including the trustees who are not “interested persons” of the Trust (the “Independent Trustees”) as defined in the Investment Company Act of 1940, as amended (the “1940 Act”), reviewed and unanimously approved the renewal of the Investment Advisory Agreement (the “Advisory Agreement”) between the Trust and Towle & Co. (the “Investment Advisor”) with respect to the Towle Deep Value Fund series of the Trust (the “Fund”) for an additional one-year term from when it otherwise would expire. In approving renewal of the Advisory Agreement, the Board, including the Independent Trustees, determined that such renewal was in the best interests of the Fund and its shareholders.

Background

In advance of the meeting, the Board received information about the Fund and the Advisory Agreement from the Investment Advisor and from Mutual Fund Administration, LLC and UMB Fund Services, Inc., the Trust’s co-administrators, certain portions of which are discussed below. The materials, among other things, included information about the Investment Advisor’s organization and financial condition; information regarding the background and experience of relevant personnel providing services to the Fund; reports comparing the performance of the Fund with returns of the Russell 2000 Value Index and a group of comparable funds selected by Morningstar, Inc. (the “Peer Group”) from its Small Value fund universe (the “Fund Universe”) for the one-, three-, and five-year periods ended March 31, 2017; and reports comparing the investment advisory fee and total expenses of the Fund with those of the Peer Group and Fund Universe. The Board also received a memorandum from legal counsel to the Trust discussing the legal standards under the 1940 Act and other applicable law for their consideration of the proposed renewal of the Advisory Agreement. In addition, the Board considered information reviewed by the Board during the year at other Board and Board committee meetings. No representatives of the Investment Advisor were present during the Board’s consideration of the Advisory Agreement, and the Independent Trustees were represented by their legal counsel with respect to the matters considered.

In approving renewal of the Advisory Agreement, the Board and the Independent Trustees considered a variety of factors, including those discussed below. In their deliberations, the Board and the Independent Trustees did not identify any particular factor that was controlling, and each Trustee may have attributed different weights to the various factors.

Nature, Extent and Quality of Services

With respect to the performance results of the Fund, the meeting materials indicated that the Fund’s annualized total returns for the one-, three-, and five-year periods were above the median returns of the Peer Group and Fund Universe and the returns of the Russell 2000 Value Index.

The Board also considered the overall quality of services provided by the Investment Advisor to the Fund. In doing so, the Board considered the Investment Advisor’s specific responsibilities in day-to-day management and oversight of the Fund, as well as the qualifications, experience, and responsibilities of the personnel involved in the activities of the Fund. The Board also considered the overall quality of the Investment Advisor’s organization and operations, and the Investment Advisor’s compliance structure. The Board and the Independent Trustees concluded that based on the various factors they had reviewed, the nature, overall quality, and extent of the management and oversight services provided by the Investment Advisor to the Fund were satisfactory.

Advisory Fee and Expense Ratio

With respect to the advisory fee paid by the Fund, the meeting materials indicated that the annual investment advisory fee (gross of fee waivers) was lower than the Peer Group and Fund Universe medians. The Trustees considered that the Fund’s advisory fee is lower than the fee the Investment Advisor charges to manage separate accounts for institutional clients and a limited partnership with similar objectives and policies as the Fund. The

Towle Deep Value Fund
SUPPLEMENTAL INFORMATION (Unaudited) - Continued

annual total expenses paid by the Fund (net of fee waivers) for the Fund's most recent fiscal year were the same as the Peer Group median, and above the Fund Universe median by 0.17%. The Trustees noted, however, that the average net assets of the Fund were significantly smaller than the average net assets of funds in the Fund Universe.

The Board and the Independent Trustees concluded that based on the factors they had reviewed, the compensation payable to the Investment Advisor under the Advisory Agreement was fair and reasonable in light of the nature and quality of the services the Investment Advisor provides to the Fund.

Profitability and Economies of Scale

The Board also considered information prepared by the Investment Advisor relating to its costs and profits with respect to the Fund for the year ended March 31, 2017, noting that the Investment Advisor recouped fees previously waived. Recognizing the difficulty in evaluating an investment advisor's profitability with respect to the funds it manages in the context of an advisor with multiple lines of business, and noting that other profitability methodologies might also be reasonable, the Board and the Independent Trustees concluded that the profit realized by the Investment Advisor from its relationship with the Fund was reasonable.

The Board also considered the benefits received by the Investment Advisor as a result of the Investment Advisor's relationship with the Fund (other than the receipt of its investment advisory fee), including any research services made available to it by broker-dealers that provide execution services to the Fund, the beneficial effects from the review by the Trust's Chief Compliance Officer of the Investment Advisor's compliance program, and the intangible benefits of the Investment Advisor's association with the Fund generally and any favorable publicity arising in connection with the Fund's performance. The Trustees also noted that although there were no advisory fee breakpoints, the asset level of the Fund was not currently likely to lead to significant economies of scale, and that any such economies would be considered in the future as the assets of the Fund grow.

Conclusion

Based on these and other factors, the Board and the Independent Trustees concluded that renewal of the Advisory Agreement was in the best interests of the Fund and its shareholders and, accordingly, approved renewal of the Advisory Agreement.

Towle Deep Value Fund
EXPENSE EXAMPLE
For the Six Months Ended September 30, 2017 (Unaudited)

Expense Example

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, and (2) ongoing costs, including management fees and other Fund expenses. The examples below are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

These examples are based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from April 1, 2017 through September 30, 2017.

Actual Expenses

The information in the row titled “Actual Performance” of the table below provides actual account values and actual expenses. You may use the information in these columns, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the appropriate row under the column titled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The information in the row titled “Hypothetical (5% annual return before expenses)” of the table below provides hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratios and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare these 5% hypothetical examples with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs, such as sales charges (load) or contingent deferred sales charges. Therefore, the information in the row titled “Hypothetical (5% annual return before expenses)” is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

| | Beginning Account Value | Ending Account Value | Expenses Paid During Period* |
|---|----------------------------|-------------------------|---------------------------------|
| | 4/1/17 | 9/30/17 | 4/1/17 – 9/30/17 |
| Actual Performance | \$ 1,000.00 | \$ 1,051.10 | \$ 6.17 |
| Hypothetical (5% annual return before expenses) | 1,000.00 | 1,019.05 | 6.07 |

* Expenses are equal to the Fund’s annualized expense ratio of 1.20% multiplied by the average account value over the period, multiplied by 183/365 (to reflect the six month period). The expense ratio reflect an expense recovery of previously waived and/or absorbed fees and/or expenses. Assumes all dividends and distributions were reinvested.

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Towle Deep Value Fund

A series of Investment Managers Series Trust

Investment Advisor

Towle & Co.
1610 Des Peres Road, Suite 250
St. Louis, Missouri 63131

Independent Registered Public Accounting Firm

Tait, Weller & Baker LLP
1818 Market Street, Suite 2400
Philadelphia, Pennsylvania 19103

Custodian

UMB Bank, n.a.
928 Grand Boulevard, 5th Floor
Kansas City, Missouri 64106

Fund Co-Administrator

Mutual Fund Administration, LLC
2220 E. Route 66, Suite 226
Glendora, California 91740

Fund Co-Administrator, Transfer Agent and Fund Accountant

UMB Fund Services, Inc.
235 W. Galena Street
Milwaukee, Wisconsin 53212

Distributor

IMST Distributors, LLC
Three Canal Plaza, Suite 100
Portland, Maine 04101
www.foreside.com

FUND INFORMATION

| | | |
|-----------------------|----------------------|---------------------|
| | <u>TICKER</u> | <u>CUSIP</u> |
| Towle Deep Value Fund | TDVFX | 461 418 360 |

Privacy Principles of the Fund for Shareholders

The Fund is committed to maintaining the privacy of its shareholders and to safeguarding its non-public personal information. The following information is provided to help you understand what personal information the Fund collects, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, the Fund does not receive any non-public personal information relating to its shareholders, although certain non-public personal information of its shareholders may become available to the Fund. The Fund does not disclose any non-public personal information about its shareholders or former shareholders to anyone, except as permitted by law or as is necessary in order to service shareholder accounts (for example, to a transfer agent or third party administrator).

This report is sent to shareholders of the Towle Deep Value Fund for their information. It is not a Prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.

Proxy Voting Policies and Procedures

A description of the Fund's proxy voting policies and procedures related to portfolio securities is available without charge, upon request, by calling the Fund at 1-888-99TOWLE (888-998-6953) or on the U.S. Securities and Exchange Commission's ("SEC") website at www.sec.gov.

Proxy Voting Record

Information regarding how the Fund voted proxies for portfolio securities, if applicable, during the most recent 12-month period ended June 30, is also available, without charge and upon request by calling 1-888-99TOWLE (888-998-6953) or by accessing the Fund's Form N-PX on the SEC's website at www.sec.gov.

Form N-Q Disclosure

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available on the SEC website at www.sec.gov or by calling the Fund at 1-888-99TOWLE (888-998-6953). The Fund's Form N-Q may also be viewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800- SEC-0330.

Householding

The Fund will mail only one copy of shareholder documents, including prospectuses, annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call the Fund at 1-888-99TOWLE (888-998-6953).

Towle Deep Value Fund
P.O. Box 2175
Milwaukee, WI 53201
Toll Free: 1-888-99TOWLE (888-998-6953)