Jay Compson is the portfolio manager for the Absolute Strategies Fund and Principal and Co-Founder of Absolute Investment Advisers LLC

PORTFOLIO COMMENTARY : Second Quarter, 2011

For the 2nd quarter of 2011, the Absolute Strategies Fund was up 1.01% vs. 0.10% for the S&P 500 and -2.51% for the HFRX Global Hedge Fund Index. Interestingly, the Fund's performance during the quarter was stronger during times when markets trended downward, indicating the idiosyncratic exposures of the Fund are behaving well. As such, the Fund's beta (sensitivity) to the S&P 500 continues to be quite low and has even exhibited periods of negative beta vs. the global markets.

[Quarter-End Performance: As of 6/30/11, the 1- year, 5-year and since inception annualized performance for I- Share was 4.18%, 3.14% and 3.31, respectively. Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. For performance current to the most recent month-end, visit the Fund's web site at www.absoluteadvisers.com. As stated in the current prospectus, the Fund's total annual operating expense ratio (gross) for Institutional Shares is 2.14% and excluding the effect of expenses attributable to dividends on short sales, the Fund's total annual operating expense ratio (net), was 1.78% for Institutional Shares]

The Fund's overall positioning and exposures have changed very little over the past few months as our managers continue to see almost all asset classes priced to deliver unsatisfactory long term returns. There is no real change in overall thoughts from our previous commentary except to add that many of the issues and risks we have discussed are starting to become more significant and weakening fundamentals are finally becoming more apparent to investors. Ironically, the things that have created short term rallies of late are largely noise and are less positive than they were 3-6 months ago. This includes the potential for Eurozone "bailouts" and the US debt ceiling debate, which are largely media distractions away from the underlying fundamental problems that got us to this point. The financial crisis and ensuing bailouts are not one-off events. They are steps in a long process of inevitable deleveraging and we are clearly still in the early stages, (you might call the past two years "denial"). It's now clear the experiment of adding more debt and stimulus cannot generate a growth rate necessary (>4%?) to reduce the massive debt burdens. Starting discussions around fiscal responsibility (both spending and taxation) is likely to create short term negatives, but long term positives for the economy as a whole.

Since little has changed in the Fund's positioning, we will not rehash old commentaries or discuss QE failures and will instead summarize what we and our managers view as most concerning. Macro, momentum and "machine trades" continue to drive global markets at a time when global fundamentals are deteriorating and asset prices are inflated. These positions and leveraged carry trades are driving the correlation of everything. The following financial markets are more linked today than at the time of the 2008 financial crisis: S&P 500, gold, oil, commodities, MSCI World and Emerging, EUR/USD, (Source: Knight Capital). Most large capital allocators are also strongly correlated to these positions. There may be little liquidity should there be a reversal in one or more of these markets.

Much like 2007, investors are excited about interrelated themes that cause some of our managers the most concern. This time around the larger concern is China and Europe, not the U.S. While Europe's issues are becoming more obvious, China is a bit less understood and is most interconnected to the above correlations and asset inflations. As discussed in prior commentaries, many developed countries are over-indebted and are highly challenged economically and politically. However, China may be much more meaningful when considering investor expectations for global growth and earnings.

China and much of Asia may be near an inflection point where an inflationary spiral and associated credit bubble may start breaking down over the next 12-18 months. Beyond China being a communist country and having fraud issues, the country has executed massive lending that is roughly equivalent to the lending surge that fueled the US housing bubble (despite the fact the China's economy is roughly only 70% of the size of the US economy). This excessive stimulus and lending has been necessary to achieve a stated 8% annual GDP growth goal that China believes is necessary to prevent civil unrest. Unfortunately, it has sparked massive inflation that some estimate may be in the double digits. China has begun attempting to tame inflation and reduce bank lending at the same time that rumors of bad loans suggest China's banking system is in a highly precarious position. Taming inflation and slowing bank lending may prove difficult for an economy where fixed investment represents 60% of annual GDP. This level of investment-fueled growth has never been sustainable. Therefore, reducing lending and investment may be necessary to cool inflation; however, this will make 8% growth difficult to achieve.

This does not mean that China is headed for a collapse or that their long term growth will not be attained. But the likelihood of a slowdown in growth is a higher probability than many are willing to accept. As mentioned above, given that many investors have very high expectations on themes related to Chinese growth, any slowdown could dramatically impact commodity markets, global and emerging market equities, and currencies. Additionally, if the slowdown turns to a hard landing, severe global volatility across all markets could result. Ultimately, if this were to happen, the U.S. would be in a relatively decent position and prudent investors would eventually refocus on "free markets" for preserving and compounding real wealth.

Given the above, the focus of our managers is to continue to

[Continued on Reverse]

[Continued]

invest in pockets of idiosyncratic opportunities that are less dependent on the current economic cycle and associated status quo. This includes a mix of strong businesses with sustainable high free cash flow yields that in many cases are significantly undervalued. The Fund's short positions continue to focus on companies and associated hedges that couple high valuations with financially vulnerable businesses or potential margin pressures. Some of our short positions also incorporate the global themes above that may serve as additional insurance should there be a dramatic unwind in the troubling high correlations that exist across interrelated financial markets.

We continue to believe the margin of safety gap between our longs and shorts provides an attractive mean-reversion valuation opportunity as well as protection against systemic risks and liquidity events. Our more neutral positioning allows the Fund to be flexible and dynamic should volatility and the pricing of risk change and opportunities to put more capital at risk improve. Given the potential for market dislocations, our managers are excited about opportunities for mispricings. As a reminder, the Fund is designed for patient, disciplined investors who are looking for ways to help preserve capital and provide a diversifying element to a mix of directional asset classes. Given the high sensitivities and correlations across most global asset classes, diversification can be incredibly difficult; we cannot think of a better time to be using our Fund.

Definitions: *The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. The HFRI Indices are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets It is not possible to invest directly in an index or average. Beta is the measure of a fund's relative volatility as compared to the S&P 500 Index which by definition is 1.00. Accordingly, a fund with a 1.10 beta is expected to perform 10% better than the Index in up markets and 10% worse in down markets.*

Additional Risks: Since the Fund utilizes a multi-manager strategy with multiple subadvisers, it may be exposed to varying forms of risk. The Fund's net asset value and investment return will fluctuate based upon changes in the value of its portfolio securities. There is no assurance that the Fund will achieve its investment objective, and an investment in the Fund is not by itself a complete or balanced investment program. For a complete description of the Fund's principal investment risks please refer to the prospectus.

The Fund is non-diversified and may focus its investments in the securities of a comparatively small number of issuers. Concentration in securities of a limited number of issuers exposes a fund to greater market risk and potential monetary losses than if its assets were diversified among the securities of a greater number of issuers.

The Fund may invest in small- and medium-sized companies which involve greater risk than investing in larger, more established companies, such as increased volatility of earnings and prospects,higher failure rates, and limited markets, product lines or financial resources.

The Fund may invest in foreign or emerging markets securities which involve special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets.

The Fund may invest in debt securities which are subject to interest rate risk. An increase in interest rates typically causes a fall in the value of the debt securities the Fund may invest in.

The Fund may also invest in high yield, lower rated (junk) bonds which involve a greater degree of risk and price fluctuation than investment grade bonds in return for higher yield potential. The Fund's distressed debt strategy may involve a substantial degree of risk, including investments in sub-prime mortgage securities.

The Fund may purchase securities of companies in initial public offerings. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. The Fund may leverage transactions which include selling securities short as well as borrowing for other than temporary or emergency purposes. Leverage creates the risk of magnified capital losses.

The Fund may also invest in derivatives which can be volatile and involve various types and degrees of risks, depending upon the characteristics of a particular derivative. The Fund may invest in options and futures which are subject to special risks and may not fully protect the Fund against declines in the value of its stocks. In addition, an option writing strategy limits the upside profit potential normally associated with stocks. Futures trading is very speculative, largely due to the traditional volatility of futures prices.

Investors should carefully consider the Fund's investment objectives, risks, charges and expenses before investing. This and other information is in the prospectus, a copy of which may be obtained by calling (888) 992-2765 or visiting the Fund's web site: www.absoluteadvisers.com. Please Read the prospectus carefully before you invest.

Three Canal Plaza, Suite 600, Portland, Maine 04101
(888) 99-ABSOLUTE or (888) 992-2765 www.absoluteadvisers.com
Distributor: Foreside Fund Services, LLC