ABSOLUTE STRATEGIES FUND

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2016 made one thing clear; investors are hard pressed to find investments that generate returns from something other than beta. In the early part of the calendar year, nearly every asset class was down significantly. Miraculously, nearly every investment rallied from its early February lows. Then, nearly every asset class was rattled by Brexit. And then again, assets were initially spooked by the US election. Each time, the saving rally was more vertical than the last. Investors continue to assume growth is materializing.

On the contrary, this passive beta performance has not come from fundamental growth, despite continued assurances from the investment community. Consider for a moment the earnings performance of the S&P 500. According to 720 Global research, over the past three, five and ten years, S&P 500 earnings have grown at annualized rates of -0.48%, 2.34%, and 1.80%, respectively. The three and five year periods do not include an economic recession, but do include massive debt-fueled buybacks. Additionally, 2016 GDP growth totaled only 1.6%. That is hardly the analysis one sees during a bull market. It's quite clear to us that passive investments aren't riding a wave of skill or a cycle of economic growth. They are riding a wave of coordinated central bank intervention, financial engineering, and valuation multiple expansion.

As for our own performance, the Absolute Strategies Fund performed well in an environment that has almost solely rewarded passive, beta investing. Even with difficult headwinds for what we do, the Fund continues to exhibit impressive drawdown performance in every down market over the last six years, while delivering overall positive returns that are driven by solid alpha and negative beta. The Fund's exposures and allocations have been much more active and flexible during volatile periods, including monetizing certain short positions while selectively adding opportunistic long exposure. Even range bound markets with intervals of high volatility have created a much improved market environment for our sub-advisers and our investment strategy.

As for our outlook, markets are suddenly abuzz about potential stimulus efforts from the new administration. Exuberance and risk appetite indicators are at extreme levels and there have been massive flows into passive investments since the election. We are skeptical. If the lack of earnings growth weren't enough, there is once again an historic gap between valuations and fundamentals. According to Longhorn Capital Partners, a Fund sub-adviser, "the S&P 500 median P/E ratio is three standard deviations above its average level over the last 50 years, and the ratio of stock market capitalization to nominal GDP sits 40% above trend, registering its highest level outside of the internet bubble of 1999-2000." Additionally, the S&P 500 median Price/Sales ratio is well above the 2000 and 2007 peaks, and the Shiller Cyclically Adjusted Price to Earnings ratio (CAPE) is now over 28. Most everything is incredibly overvalued; however, there are some areas where long term investors can exploit others' lack of patience.

While we do not think it's possible to predict what will happen with the new administration, we do think legitimate global considerations outside of valuation concerns include: higher interest rates, rising labor costs, tighter financial conditions, volatile trade policies, and less accommodative central banks. These considerations lead us to believe that certain deflation risks may be bottoming and an allocation to precious metals and commodity-type securities may be beneficial. We did add a decent allocation to inflation-oriented securities in January 2016, however we monetized gains during the 2nd quarter. Toward the end of the 4th quarter, we added back an allocation to precious metals. We believe both geopolitical and central bank uncertainty will likely deliver unexpected volatility that may act as opportunities for both the long and short side of our portfolio over the next few years. If we are nearing the end of the overall bond market and related investment bubble, any tailwinds could be exaggerated. *(continued on reverse)*

See Reverse for Performance, Definitions & Risks

(continued)

Regardless, we believe our disciplined approach is rare in today's crowded financial market landscape. Very few alternatives are providing any source of return outside of beta. It's clear from drawdown studies that almost no combination of these products will diversify away market risk. The allocation math is quite simple. Even a small allocation to a strategy positioned for alpha like ours would provide much more diversification potential vs funds that provide correlated market performance. The potential for upside returns during critical drawdown periods cannot be understated during periods of historically high valuations. When asset prices cheapen again, we will most certainly participate.

ALL EQUITY (S&P 500) DRAW-DOWNS (LOSSES) OF 5% OR GREATER SINCE 2011	2011 7/7 - 10/3	2012 4/2 - 6/1	2013 5/21 - 6/24	2014 1/1 - 2/3	2014 9/2 - 10/15	2015 7/20 - 8/25	2015 - 16 11/3 - 2/11	2016 6/23 - 6/27
S&P 500 Index	-18.4%	-9.6%	-5.6%	-5.7%	-6.8%	-12.0%	-12.7%	-5.3%
HFRX Global Index	-7.1%	-2.2%	-2.5%	-0.8%	-4.3%	-3.8%	-7.1%	-1.6%
HFRX Distressed	-9.0%	-2.1%	-2.1%	0.9%	-6.2%	-3.7%	-12.9%	-1.4%
HFRX Eq Market Neutral	-6.7%	-2.3%	-0.1%	0.6%	0.5%	0.8%	-2.3%	-0.6%
HFRX Equity Hedge	-12.2%	-4.6%	-4.2%	-1.8%	-3.9%	-6.1%	-9.8%	-3.1%
HFRX Event Driven	-7.9%	-2.8%	-2.3%	-0.2%	-9.3%	-5.3%	-9.8%	-2.1%
HFRX Fundamental Growth	-11.3%	-5.4%	-6.9%	-0.2%	-3.9%	-8.6%	-8.0%	-1.9%
HFRX Fundamental Value	-17.1%	-2.9%	-3.3%	-2.7%	-4.2%	-5.4%	-11.2%	-3.8%
HFRX Macro/CTA	-0.4%	0.9%	-2.0%	-0.7%	0.7%	-2.1%	1.3%	-0.1%
HFRX Special Situations	-7.5%	-3.5%	-2.0%	-0.6%	-10.6%	-6.1%	-9.4%	-2.4%
Absolute Strategies Fund (ASFIX)	1.8%	1.2%	0.7%	1.2%	2.8%	4.2%	6.2%	3.0%

Source: *Bloomberg & Hedge Fund Research*

Quarter-End Performance for ASFIX: As of 12/31/16, the 1 year, 5 year and 10 year annualized performance for the I- Share was 2.63%, 0.30% and 1.57% 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. Annualized returns current to the most recent month end can be obtained by calling the Fund at 888-99-ABSOLUTE. As stated in the current prospectus, the Absolute Strategies Fund's total annual operating expense ratio for Institutional Shares is 2.68%. Excluding the effect of expenses attributable to dividends and interest on short sales and acquired fund fees and expenses, the Fund's annual operating expense ratio was 1.85% for Institutional Shares.* Returns include the reinvestment of dividends and *capital gains. Some of the Fund's fees were waived or expenses reimbursed; otherwise, returns would have been lower. Securities in the Funds do not match those in the indexes and performance of the Funds will differ. It is not possible to invest directly in an index.*

***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. Alpha is the measure of performance on a risk-adjusted (beta) basis. Alpha takes the volatility (price risk) of a fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha. 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. Correlation is a statistical measure of how two securities move in relation to each other.*

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 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.

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