ABSOLUTE strategies FUND

Quarterly Analysis - Q1 2014

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FUND POSITIONING:

For the past several quarters, the Fund has allocated assets targeting very low net exposure. Fund beta to equity indices, bond indices, and hedge fund indices has been purposely low and at times, negative. The Fund has never been positioned more defensively due to concerns about valuations of many equity and credit markets, about low economic growth and low earnings growth, and about the increasingly risky behavior of many market participants. Please see the Fund's porfolio commentary for a more detailed analysis.

As of March 31st, the Fund does have significant long exposures and significant short exposures. Overall, the Fund is positioned for a convergence in price and valuation between the long and short positions based on asset-specific fundamentals. It is not making a one-way directional bet on the markets.

It is worth noting that the Fund is not a static vehicle. It is designed to have a high degree of flexibility. **It should be expected that exposures will vary over time, long and short, across equities and credit**. There will be times, such as early 2009, when the Fund sees more opportunity to take on long exposure and higher beta. As of the end of the quarter, the portfolio could be grouped in to three general categories, described below. Please keep in mind Fund allocations may aggregate into different types of categories over time.

EQUITY STRATEGIES - Current Portfolio Allocation: 63% Kovitz Investment Group, Long/Short Longhorn Capital Partners, Global Long/Short Madden Asset Management, Long/Short Growth Sabal Capital Management, Special Situations St. James Investment Company, Opportunistic Equity Yacktman Asset Management, Opportunistic Equity Absolute Investment Advisers, Overlay Hedge	This group has a balance of longs and shorts when rolling up Sub-Adviser positions across opportunistic equity, long/short, and special situations managers and including a portfolio hedge. The long side of the equity portfolio is dominated by large cap companies within consumer staples, health care, and "legacy" technology with strong brand names and competitive advantages. The short side of the equity portfolio is dominated by small caps, industrial cyclicals, and financials (particularly those in Europe & Asia). These are companies trading at high valuations and/or are dependent on a high level of economic growth (which has been absent). Taken in aggregate, this positioning may be viewed as quality vs. non-quality.
CREDIT STRATEGIES - Current Portfolio Allocation: 12% Horizon Asset Management, Distressed Fixed Income LakeWater Capital, Long/Short Credit Metropolitan West, Distressed Debt & Discretionary Fixed Income Absolute Investment Advisers, Overlay Hedge	Given a general lack of distressed securities in corporate debt markets, this allocation is focused mainly in asset backed securities and non-agency residential mortgage backed securities. The recent addition of LakeWater adds a component that is long a concentrated group of high yield securities, and short a concentrated group of investment grade securities at risk of widening spreads.
ARBITRAGE STRATEGIES - Current Portfolio Allocation: 20% Mohican Financial Management, Convertible Arbitrage SSI Investment Management, Convertible Arbitrage	A mix of hedged income, credit and volatility trading designed to generate moderate but consistent returns in the current environment, with low beta to both equities and credit.

FUND PERFORMANCE:

In the first quarter of 2014, the Fund returned 0.36% net of fees. Throughout the quarter Fund performance did highlight how returns are expected to vary from most other mutual funds and hedge funds, given current positioning. In early February, the Fund was up over 1% while the S&P 500 Index was down over 5% and the HFRX Global Hedge Fund Index was down over 75 basis points. In the latter part of the quarter that situation reversed as equities rallied, hedge funds followed, and the Fund gave back some gains. Please see the table on page 3 for further examples of how the Fund has performed during times of market stress.

Returns across Sub-Advisers were somewhat evenly distributed with eleven of the twelve manager strategies posting small to medium gains on a gross basis. Convertible arbitrage managers returned about 1%, distressed/credit managers returned over 1%, and equity managers, including the portfolio hedge, combined to be about flat (all net of fees).

Quarter-End Performance for ASFIX: As of 3/31/14, the 1 year, 5 year and since inception annualized performance for the I- Share was –2.05%, 5.12% and 2.44% 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 for Institutional Shares is 2.47%. Excluding the effect of expenses attributable to dividends on short sales and acquired fund fees and expenses, the Fund's total annual operating expense ratio was 1.74% 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.

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SELECT MANAGER HIGHLIGHTS:

Each quarter, we will share information about certain managers or their comments to better explain the Fund and our thinking behind the portfolio. Please contact us for additional manager information.

LONGHORN CAPITAL

We see numerous short opportunities across the industrial, consumer, technology and financial sectors. For many companies we follow, recent stock price strength is clearly at odds with poor operating trends.

We find certain European banks particularly attractive shorts. In Europe, bank valuations remain very expensive, well over 1x tangible equity for most European banks with no growth, and there are numerous banks (particularly in the Nordic region) trading near or above 2x TBV. Nevertheless, investors remain enamored by these banks, as fund managers are overweight the European financial sector relative to the MSCI by the highest margin in over 5 years despite no growth, low quality accounting and elevated risks.

Our views on poor asset quality within European financial institutions gained confirmation, as the Asset Quality Review program that is "stress testing" financial institutions has already revealed hidden balance sheet risks. For example, the quarterly earnings report for one Austrian bank revealed significant markdowns and impairments previously not presumed or discussed by management or investors. This highlights the true state of asset quality on the continent and we expect more negative surprises, despite increasing investor confidence that accelerating economic growth will bail out troubled loans. Of note, the decline in sovereign bond yields has dramatically aided perceived asset quality while improving earnings. Current record low yields are increasingly a problem, as sovereign bonds are 17% of Italian bank sector assets and 12% for the Spanish banks. Essentially, these banks are acting as risky hedge funds who have exploited a levered carry trade, yet remain exposed to peak bubble prices with no return potential going forward -- just the risk of levered losses.

Across many other industries, investors remain hopeful that economic growth acceleration in the second half of 2014 is enough to deliver earnings expectations and to justify exorbitant multiples and high levels of complacency. The ongoing disconnect between observable earnings disappointments and complacent investor reaction for equities in our universe is as wide as we have ever seen.

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KOVITZ INVESTMENT GROUP

As a result of the large scale market appreciation over the last two years, most equities in our universe are either fairly valued or slightly over valued. Further, interest rates remain artificially depressed adding significant uncertainty to company fundamentals and valuations. As a result, despite the apparent calm, we believe this is actually the riskiest market environment we have seen in many years.

The long portion of the portfolio is focused in high quality companies, with sustainable competitive advantages, strong balance sheets, and ample free cash flow available to augment shareholder returns. At present the companies comprising the long portfolio are returning approximately 5% between dividends and share repurchases. Over the next several years, we believe earnings growth and revaluation from depressed levels on a security specific basis can produce higher returns, but that holding some cash and maintaining a hedge may provide a margin of safety for the long portfolio as a whole.

The short side of the portfolio continues to be focused on low-cost hedges, designed to provide meaningful protection in a 20% market decline. At present, this strategy is carrying its largest hedge position in its history.

MOHICAN FINANCIAL

Recent developments within our strategy that we believe make it attractive:

1. Increased equity volatility - realized volatility in the Russell 2000 pushed higher (50 day historical vol in the Russell 2000 rose from about 13 at the beginning of first quarter to about 18 at quarter end). Our portfolio is dominated by small and mid-cap companies where we are long the convertible bond and short the underlying small or mid cap stock so increased volatility provides us more opportunities to trade our hedges back and forth. We are now seeing even more opportunities to trade these smaller cap stocks as volatility continues to rise with equity investors finally becoming cognizant of very extended small cap stock valuations.

2. 93% of the convertible new issues in the first quarter were issued by small and mid-cap companies. Many of these companies only issue paper in the convert market which means many are underfollowed from a credit standpoint leading to greater inefficiencies and arbitrage opportunities.

3. Our strategy has limited competition and continues to remain under the radar of investors. Institutional allocations to convert-arb hedge funds remain at multi-year lows. This is helping to keep valuations favorable.

4. Most companies in our universe continue to delever and retain excess cash given the uncertainties about the future economy.

5. The duration for the current average convert-arb trade is fairly short (under 5 years) which provides a relatively short pricing mechanism which forces these securities to a "fair value" within a fairly short time period of time.

PERFORMANCE DURING MARKET DRAWDOWNS:		2014 1/1 to 2/3	2013 5/21 to 6/24	2012 4/2 to 6/1	2011 7/7 to 10/3
S&P 500 Index	Large Cap	-5.66%	-5.60%	-9.60%	-18.40%
S&P 400 Index	Mid Cap	-5.66%	-7.30%	-10.10%	-26.10%
S&P 600 Index	Small Cap	-6.75%	-4.50%	-11.40%	-26.60%
MSCI EAFE Index	International	-4.89%	-10.00%	-15.30%	-21.20%
MSCI Emerging Markets Index	Emerging Markets	-7.53%	-15.20%	-13.90%	-26.40%
iBoxx USD Treasuries TR Index	Treasury Bonds	2.13%	-2.80%	3.80%	7.10%
iBoxx Liquid Investment Grade Index	Investment Grade Corp Bonds	2.39%	-5.90%	1.90%	2.80%
JPMorgan EMBI Global Core Index	Emerging Markets Bonds	-0.54%	-5.40%	-1.50%	-7.70%
Dow Jones Equity REIT Index	REITS	1.35%	-15.30%	-5.00%	-22.50%
S&P GSCI Commodity Index	Commodities	-2.08%	-2.40%	-17.00%	-15.30%
HFRX Global Index	Hedge Funds	-0.76%	-2.50%	-2.20%	-7.10%
Absolute Strategies Fund (ASFIX)		1.19%	0.71%	1.17%	1.84%

Definitions: *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 in which the Fund may invest. 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 investments 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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