Quarterly Analysis - Q1 2016

Nathan Houser, VP, Portfolio Management

FUND POSITIONING:

Broadly speaking, the Fund made no major changes during the quarter. The Fund has maintained a balance of longs and shorts with a negative beta bias at the low end of the historical range. Volatility during the quarter did provide an opportunity to re-balance exposures. The Fund started the quarter in January in a very defensive position, became less so as markets sold off rapidly, then more defensive again as markets ramped into the end of March.

In our opinion, the risk-reward appears unattractive in most areas of the markets, whether traditional or alternative. However, there may be relative value trades and individual equity or credit securities that are attractive. Fund construction over the last several quarters has been in large part built around isolating security selection, long and short, across equities and credit, with a fundamental value bias. This has been supplemented with recent additional allocations to energy, mining, & precious metal securities that may profit individually, or benefit if central banks pursue broad based asset inflation.

As of April 1st, the portfolio could be grouped into the four categories below. Please keep in mind Fund allocations may aggregate into different types of categories over time.

Concentrated Long Biased Equity Strategies vs. Broad Market Indices (Short) - Allocation: 33% Boston Company Asset Mngmt, Long/Short Equity and Credit Kovitz Investment Group, Long/Short Equity St. James Investment Company, Opportunistic Equity Yacktman Asset Management, Opportunistic Equity Absolute Investment Advisers, Macro Positioning	This group combines several strategies that are long biased with different approaches to fundamental value investing. These strategies often utilize a limited number of positions. Aggregate positioning is focused on companies with strong balance sheets and the ability to withstand a variety of different economic environments, particularly margin pressure. Short exposure consists mainly of broad market indices but also certain sector funds or single name securities. Some short exposure is derived by the Sub-Advisers; some short exposure is derived by Absolute. This group has been net short at times.
Global Short Biased Equity Strategy - Allocation: 20% Longhorn Capital Partners, Global Long/Short Equity	This group consists of one strategy based on shorting a number of individual equity securities and using long broad market equity securities to moderate exposure levels. Positioning has been focused on companies with sensitivity to slowing global growth – financials (US, Europe, Asia), consumer cyclicals, industrials, and most recently aerospace.
Market Neutral / Hedged Credit Strategies - Allocation: 22% LakeWater Capital, Long/Short Credit Mohican Financial Management, Convertible Arbitrage	The Fund's credit exposure is solely in strategies that either have a natural hedge component (Mohican – convert arb) or currently have a balance of longs and shorts (Lakewater – corporate credit L/S). The idea is to isolate security selection while mitigating sensitivity to the seemingly large risks facing the bond markets. This group does contain certain short positions that may benefit from weakness in the bond market in addition to company specific news/events.
Special Situation / Sector Strategies - Allocation 15% Harvest Capital Strategies, Long/Short Equity, Agriculture Focus Sabal Capital Management, Special Situations	This group contains two long-short equity strategies with low to moderate net exposure. Each strategy is highly unique and tends to exhibit little correlation with each other or the broader equity markets. One common trait across the two managers is a focus on changing dynamics - either within a company or across a sector, and how those changes may be misinterpreted by the market.

FUND PERFORMANCE:

For the first quarter of 2016, the Absolute Strategies Fund returned positive 3.06% net of fees. By comparison, the S&P 500 Index was up 1.3%, the Russell 2000 Index was down -1.5%, and the HFRX Global Hedge Fund index was down -1.8%.

Performance varied quite a bit across categories and Sub-Advisers. The Fund was helped by strong positive performance from larger Fund allocations. This was in a long biased equity strategy, a short biased equity strategy, and exposures from AIA.

A tug of war between weak economic/company fundamentals and active central banks appeared to be the cause of significant volatility during the quarter. This volatility was a welcome development as it can provide an opportunity for increased returns given the Fund's flexible approach.

Quarter-End Performance for ASFIX: As of 03/31/16, the 1 year, 5 year and 10 year annualized performance for the I- Share was 2.05% , 0.98% and 1.99% 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 2.60%. 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 1.79% 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.

CONTINUED ON NEXT PAGE

ABSOLUTE
INVESTMENT ADVISERS

OBSERVATIONS:

We have noticed that the longer the market goes without a sustained downturn the louder the chorus becomes of those questioning the value of hedge funds and other alternative managers. This warrants a discussion that we don't have space for here. One broad and anecdotal observation, however, is that competition for assets under management has lead hedge funds to become more short-term oriented and to chase market performance. We believe **this makes them vulnerable when markets change course or simply become volatile.**

At Absolute Investment Advisers, we are not simply trying to package ordinary hedge fund strategies into a mutual fund structure. We utilize alternative managers to implement a certain investment philosophy built around risk management, varying capital at risk (flexibility), and unique ideas/trades/managers/strategies. The Fund's approach can be somewhat contrarian. As a result, **the Fund has generated its best performance when markets have changed course or become volatile.**

The Fund's approach does not necessarily work perfectly in every market environment. It *does* tend to do well when other parts of a portfolio may be struggling. To illustrate this we have included Fund performance during equity sell-offs and trailing one year performance versus hedge fund indices (see below).

Performance During Equity Market Sell-offs:

TIME PERIOD	S&P 500 INDEX	HFRX GLOBAL	ASFIX
Dec 1, 2015 to Feb 11, 2016	-12.6%	-6.3%	**7.0%**
July 20, 2015 to Aug 25, 2015	-12.0%	-3.8%	**4.2%**
Sept 2, 2014 to Oct 15, 2014	-6.8%	-4.3%	**2.8%**
Jan 1, 2014 to Feb 3, 2014	-5.7%	-0.8%	**1.2%**
May 21, 2013 to June 24, 2013	-5.6%	-2.5%	**0.7%**
Apr 2, 2012 to June 1, 2012	-9.6%	-2.2%	**1.2%**

Trailing 1-Year Cumulative Performance (through March 31, 2016):

ASFIX	**2.1%**
HFRX Absolute Return	**0.6%**
HFRX Distressed	-12.9%
HFRX Equity Hedge	-7.2%
HFRX Event Driven	-9.4%
HFRX Fixed Income	-7.2%
HFRX Fundamental Growth	-10.2%
HFRX Fundamental Value	-6.5%
HFRX Global	-7.4%
HFRX Marco/CTA	-5.1%
HFRX Special Situations	-9.0%

CONTINUED ON NEXT PAGE

ABSOLUTE
INVESTMENT ADVISERS

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 multipl Sub-Advisers, 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.

ABSOLUTEstrategies FUND

Absolute Strategies Fund, Absolute Investment Advisers and their logos are service marks of Absolute Investment Advisers LLC

Three Canal Plaza, Suite 600, Portland, Maine 04101
(888) 99-ABSOLUTE or (888) 992-2765
www.absoluteadvisers.com

Distributor: Foreside Fund Services, LLC
SKU: ASF-PA-Q116