

**FUND POSITIONING:**

Fund positioning remains similar to the past several quarters. The Fund has maintained a balance of longs and shorts with a value bias. The goal with current positioning is to generate performance from the difference between longs and shorts rather than just betting on a broad market rally. Individually, many of the largest disconnects between price and value appear to be on the short side.

One change during the quarter was the removal of two credit managers. This was not a reflection on the individual managers. Rather, it was a result of the current lack of opportunity in distressed debt and the high level of risk currently facing long-only credit/fixed-income.

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 long and short exposures will vary over time. There will be times when the Fund sees more opportunity to take on long exposure and higher beta.

As of July 15th, the portfolio could be grouped in to the four categories below. Please keep in mind Fund allocations may aggregate into different types of categories over time.

**EQUITY STRATEGIES - Current Portfolio Allocation: 61%**

Kovitz Investment Group, Long/Short

Longhorn Capital Partners, Global Long/Short

Madden Asset Management, Long/Short Growth

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 equity, and includes a portfolio hedge. The long side of the equity portfolio is dominated by companies typically associated with value investing - strong brand names, strong balance sheets, competitive advantages. The short side of the equity portfolio is dominated by index related hedges and select individual names with high global economic sensitivity – industrial cyclicals, consumer cyclicals, financials (particularly in Europe and Asia). Collectively this mix can be viewed as quality vs. non-quality, or value biased.

**CREDIT STRATEGIES - Current Portfolio Allocation: 6%**

LakeWater Capital, Long/Short Credit

The exposure is to long/short corporate credit, currently with low net exposure. The low allocation to credit strategies reflects the opinion that most areas of the bond market currently offer low potential returns with a multitude of high risks. The Fund maintains the flexibility to increase the allocation in this area should better asymmetric opportunities arise.

**ARBITRAGE STRATEGIES - Current Portfolio Allocation: 15%**

Mohican Financial Management, Convertible Arbitrage

A mix of hedged income, credit and volatility trading with low beta to both equities and credit.

**SPECIAL SITUATIONS/SECTOR - Current Portfolio Allocation: 13%**

Boston Company Asset Mngmt, LLC. Long/Short Equity & Credit

Sabal Capital Management, Special Situations

Harvest Capital Strategies, LLC, Long/Short Equity - Agriculture

This group includes a collection of unique investments, long and short. Often, these investments are in companies going through some sort of change or facing some sort of disruption in their business/sector/industry. *(Please see comments section for a discussion with Sabal Capital)*

**FUND PERFORMANCE:**

In the second quarter of 2015, the Fund returned -0.45%, net of fees. Credit strategies returned around flat (gross of fees). Arbitrage strategies returned less than positive 1% (gross of fees). Special situations/sector strategies returned above 2% (gross of fees). Equity strategies, including a portfolio hedge, returned less than negative 1% (gross of fees).

Quarter-End Performance for ASFIX: As of 6/30/15, the 1 year, 5 year and since inception annualized performance for the I- Share was -0.90% , 1.10% and 2.11% 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](http://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 1.75% 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.

## SELECT MANAGER HIGHLIGHTS & COMMENTARY

Each quarter, we will share information about certain managers or their comments to better explain the Fund and our thinking behind the portfolio. Below is a conversation with Sabal Capital. Sabal was founded in 2002 and is located in Santa Monica California. They run a Special Situations Equity strategy for the Fund.

**Absolute Investment Advisers (AIA): *Can you briefly describe the strategy?***

**Sabal:** We manage an equity strategy, long and short, focused on unique/special situations. The portfolio is typically run with a low net exposure in an attempt to isolate alpha. Our focus is on misunderstood companies facing significant near term challenges. In depth analysis is required to determine if those challenges are temporary or terminal. Examples are companies going through a re-organization, a spin-off, or asset sale. A company facing a unique threat to its business model is also typical target. It is a fundamental bottoms up strategy based on the idea that markets are inefficient and often overreact to news events, both positively and negatively.

**AIA: *How do you currently see the opportunity set, or pipeline, for potential investments in your universe?***

**Sabal:** With so much attention focused on macro events, we have been able to find stock specific mis-pricings on both the long and short side. It has been easier to find good shorts given how stretched valuations are and that the market has also brought many companies public over the past few years that have unfit business models. Volatility in interest rates this year has started to put pressure on certain companies. In general, market volatility does help generate more ideas both long and short.

**AIA: *How do you see the current macro backdrop and how does it impact your exposures?***

**Sabal:** One impact of QE and low interest rates has been companies acting to manage earnings per share by forsaking capital expenditure for buying back stock. Because of this dynamic, a company may have growing issues with a product or problems in the supply chain that are being ignored. We have found several instances where significant earnings declines were masked by these aggressive stock buy-back programs. Likewise, the stock of a company with a good business may get overly punished if it misses expectations for one or two quarters. The ability to understand the actual business is key.

Without analyzing the entire global economic and political picture, we see substantial tail risk and are carrying a low net long bias near the bottom end of our exposure range. If the market were to substantially decline we believe we are well hedged and if it continues to rise our alpha from stock selection should allow us to make money.

**AIA: *I know the short side has been challenging for just about everyone the past few years. Is that changing?***

**Sabal:** The short side has actually been driving our performance this year. We've been able to generate alpha on both the long and short side. It is difficult to analyze but our short portfolio has done very well since [US] QE has ended.

PERFORMANCE DURING MARKET DRAWDOWNS:		2014 9/2 to 10/15	2014 1/1 to 2/3	2013 5/21 to 6/24	2012 4/2 to 6/1	2011 7/7 to 10/3	AVERAGE
S&P 500 Index	Large Cap	-6.77%	-5.66%	-5.58%	-9.58%	-18.38%	-9.19%
S&P 400 Index	Mid Cap	-9.84%	-5.66%	-7.28%	-10.11%	-26.11%	-11.80%
S&P 600 Index	Small Cap	-7.93%	-6.75%	-4.54%	-11.44%	-26.59%	-11.45%
MSCI EAFE Index	International	-9.95%	-4.89%	-9.99%	-15.25%	-21.18%	-12.25%
MSCI Emerging Markets Index	Emerging Markets	-9.35%	-7.53%	-15.24%	-13.91%	-26.37%	-14.48%
iBoxx USD Treasuries TR Index	Treasury Bonds	2.08%	2.13%	-2.80%	3.83%	7.07%	2.46%
iBoxx Liquid Inv. Grade Index	Inv. Grade Corp Bonds	1.67%	2.39%	-5.92%	1.94%	2.76%	0.57%
iBoxx High Yield Index	High Yield Corp Bonds	-3.32%	0.54%	-5.39%	-1.50%	-7.73%	-3.48%
JPMorgan EMBI Global Core Index	E.M. Bonds	-1.00%	-0.79%	-11.11%	-1.06%	-2.32%	-3.26%
Dow Jones Equity REIT Index	REITS	-2.88%	1.50%	-15.31%	-5.03%	-22.53%	-8.85%
S&P GSCI Commodity Index	Commodities	-10.87%	-2.13%	-2.40%	-17.04%	-15.28%	-9.54%
HFRX Global Index	Hedge Funds	-4.28%	-0.76%	-2.52%	-2.20%	-7.13%	-3.38%
<b>Absolute Strategies Fund (ASFIX)</b>		<b>2.78</b>	<b>1.19%</b>	<b>0.71%</b>	<b>1.17%</b>	<b>1.84%</b>	<b>1.54%</b>

**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 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](http://www.absoluteadvisers.com). Please read the prospectus carefully before you invest.**



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