ABSOLUTE STRATEGIES FUND

PORTFOLIO ANALYSIS - ASFIX

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Q4 2016

ABSOLUTE FUNDS

FUND POSITIONING:

Broadly speaking, the Fund today looks very much like it has over the recent past – defensive posture, alpha orientation, low net exposure, moderate negative beta to the S&P. We believe that sticking to an investment process based on sound fundamental analysis will ultimately be rewarded more than chasing momentum.

Underneath the hood, the Fund has made a few changes to help navigate what has become an especially drawn-out investment cycle. The goal of these changes is to generate some shorter-term performance while still maintaining the ability to do well when the cycle turns. The changes are as follows -

1. The long side of the portfolio now has a **more concentrated, eclectic mix of positions** including small cap special situations, MLPs, basic materials, metals, and mining. It is not simply a "long quality" type portfolio. This rotation has happened both at the Sub-Adviser level and some specific allocation shifts.
2. The Fund was much more **active in harvesting gains during volatile periods in 2016** versus past years. Much of this involved taking some profits on index shorts but several managers have also adopted a similar mindset (*see manager commentary section on page 2*). We would expect a similar approach when volatility shows up going forward.
3. Occasionally we find certain **opportunistic investments** that don't make sense to use an outside manager. Perhaps the opportunity is short term in nature. Maybe the active risk is a negative. Or the investment may be designed to balance another part of the portfolio and require careful sizing. In these cases we execute these long or short investments directly, mainly utilizing index related securities.

We think this approach will allow the Fund to continue to provide downaside protection and generate alpha oriented performance.

FUND ALLOCATION: (as of Jan 2017)

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 Absolute Investment Advisers 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: 19% 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.
Market Neutral / Hedged Credit Strategies - Allocation: 23%* LakeWater Capital, Long/Short Credit Mohican Financial Management, Convertible Arbitrage Absolute Investment Advisers Positioning	Sub-adviser credit exposure is solely in strategies that either have a natural hedge component (Mohican's convert arb) or currently have a balance of longs and shorts (Lakewater's L/S corporate credit). 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 events.
Special Situation / Sector Strategies - Allocation 13% 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.

*Percentage reflects allocations to external manager strategies only.

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FUND PERFORMANCE:

For the 4th quarter of 2016, the Fund returned -0.52%, net of fees. Equity strategies vs. index hedges were somewhat flat. Credit strategies were positive. Special situations/sector strategies and short biased detracted from performance.

For the full year, the Fund returned 2.63% net of fees. We are pleased that the Fund was able to do well early in 2016 when most other investments were performing poorly. We are also pleased that the year's performance was derived from something other than just betting on the broad markets going up.

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 2.47%. 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 1.74% for Institutional Shares.

SELECT MANAGER HIGHLIGHTS & COMMENTARY:

Each quarter, we 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.

As discussed in previous letters, we constantly strive to improve our investment and trading process for generating short alpha over time, as well as robust protective beta during periods of market stress. The recent Goldman Sachs conclusion that "windows to generate alpha are getting smaller and smaller" rings true now more than ever.

To a certain degree, we can no longer rely solely on an intermediate-term investment outlook for monetizing short opportunities given the market experience of 2016. Although the market dynamics of 2017 will invariably differ from 2016, we continue to evaluate a more active trading process to attempt to capture outsized near-term position gains, particularly when such gains occur on an accelerated basis.

Specifically, a more active trading process may be currently appropriate for a market landscape characterized by frequent sector rotation, short-duration business cycle trends and ongoing policy interventions, as well as market breadth conditions that delivered positive returns for approximately 75% of S&P 500 equities in 2016 (Bloomberg).

We will continue to balance this evaluation with the potential drawbacks of more active profit-taking as it relates to short-biased equity strategies. Nevertheless, we remain confident in our investment process and excited in the potential opportunity set as we enter 2017.

LONGHORN CAPITAL PARTNERS
Global Long/Short Equity

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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

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