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PORTFOLIO COMMENTARY : Fourth Quarter, 2009

Before discussing the performance of our Fund, it is important to state that the past two years have been an extraordinary period of time for global capital markets. There have been large distortions of investment cycles with significant mis-pricings of assets and risk both to the upside and the downside. As such, the performance of the Absolute Strategies Fund over this period (2008 & 2009) will likely be viewed as outliers. For 2009, the Fund was up 18.51% vs. 26.46% for the S&P 500 and 13.40% for the HFRX Global Hedge Fund Index. More importantly, the Fund's performance was achieved without taking meaningful risks. The Fund's overall net exposure was held to modest levels throughout the past year and the Fund's beta (sensitivity to the S&P 500) was maintained at 0.27 since inception.

[Quarter-End Performance: As of 12/31/09, the 1- year and since inception annualized performance for 1- Share was 18.51% and 3.35%, 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. The recent opportunities in the capital markets have helped to produce short-term returns that are not typical and may not continue in the future. 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 (gross) for Institutional Shares is 2.37%. Excluding the effect of expenses attributable to dividends on short sales, the Fund's total annual operating expense ratio (net) was 1.81% for Institutional Shares for the fiscal year ended March 31, 2009.]

For us, the only benchmark of significance is the amount of risk being taken to generate a return or expected return. As stated in prior commentaries, the Fund's performance will vary based on risk/reward trade-offs and opportunities to exploit mis-pricings in an asymmetric manner. This means that the Fund's overall capital at risk will vary relative to potential expected payoffs vs. the potential for meaningful losses. In 2009, the Fund was able to generate strong risk-adjusted returns by adding exposures to our convertible arbitrage, opportunistic equity, distressed debt and global macro managers. Much of the re-pricing of risk has broadly occurred and opportunities have become more limited and we are now quite cautious. The Fund's capital at risk has recently been dramatically reduced or hedged and our allocations are currently focused on our global macro, market neutral (including value-arbitrage), and convertible arbitrage managers. These managers may perform well in a more volatile environment. As such, the Fund may not directly benefit from a continued broad market rally in the short-term.

Investor sentiment continues to swing vastly from fear and panic to risk-taking and euphoria. This, combined with unnatural government and central bank interference in markets and economies, will likely lead to continued volatility, distortion and unusual short-term market effects. What's worse is that most of the individuals affecting fiscal, regulatory and monetary policy come from academic or political backgrounds with no real market or business experience. And, as stated previously, these are some of the same individuals who were key enablers of the credit bubble.

While many market participants are attempting to equate the current economic situation with something similar to cyclical experiences over the past few decades, we believe we are witnessing massive structural imbalances that have no modern precedent. We are in uncharted territory. If there is historical precedent, it is that deleveraging is just beginning and the process will take years. Overall things may be less bad, but they are still bad and certainly highly complex. Many companies have improved their balance sheets, but others have simply borrowed time. US GDP growth for the 4th quarter, (to be released Jan 29) is likely to look quite strong, maybe even above consensus. However, this is not all that impressive in light of massive stimulus, inventory restocking, and when compared to straightforward cyclical recoveries. As an example, GDP growth coming out of the 1982 recession achieved annual rates over six straight quarters of 5.1%, 9.3%, 8.1%, 8.5%, 8.0% and 7.1% (Grant's Interest Rate Observer). Above all, we simply do not believe that deleveraging and a return to fiscal health can be accomplished through additional borrowing and spending.

Our previous discussions regarding crowded negative sentiment toward the US Dollar is a growing concern and many investors seem to have no idea how levered their portfolios are to global currency movements. It's important to remember that the US Dollar is a relative currency and many other large, developed economies (e.g. Europe, UK) have their own problems. Adding to this is the Fed's forced free-money carry trade by banks and overall forced risk-trade by investors which, when broken, will likely result in tremendous capital market volatility. Other highly crowded and complacent markets include sovereign and investment grade credit. As an example, a recent JP Morgan high grade investor survey illustrated that 82% of respondents felt spreads would tighten further in 2010, while no one thought spreads could go wider. Along with remarkable flows into bond funds, this defines tremendous crowded sentiment.

On the equity side, commentators appear very positive in their earnings forecasts. Yet, according to Bloomberg, current 2010 earnings estimates for the S&P 500 are roughly the same as they were at the beginning of 2009, (\$77/share vs. \$76/share) when the S&P was around 900. When you consider how much earnings power and market capitalization has been lost to failures, government takeovers and dilution, this is quite a bullish forecast that nearly matches 2007 S&P 500 earnings of \$84/share.

See Reverse For Definitions & Risks

All commentary is available on our web site at www.absoluteadvisers.com

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There are also many things that are not as uncertain and are likely to represent a secular shift in risk-taking. Beyond just our economic, fiscal, and underemployment problems, we are likely to see a reversal of three decades of tailwinds that will turn into large headwinds: deleveraging, higher taxes, re-regulation, defaults, political populism, higher interest rates, deflation/inflation, protectionism, isolationism, and SAVING. All of these, if they were to occur, would be the exact opposite of the benign experiences of the past few decades. In our view, this should lead to a reduction in risk-taking and an increase in required risk premia. Again, this is the opposite of recent experiences of historically high P/E ratios, exceptionally low interest rates, and razor-thin credit spreads.

Considering our aforementioned secular concerns, we expect continued large swings in asset prices and the mis-pricing of

risk over the next several years. A continued severe under-employment situation will likely add to populist politics and haphazard policies in government that will create further market nervousness. For patient investors, this can be an ideal situation. The Fund's exposures and holdings may change dynamically to adjust to market volatility and the pricing of risk. Much like the past few years, the difficulty is that the timing is unknown and short-term frustrations are highly likely. If performance expectations are measured over months, quarters, or single calendar years, the Fund may not be a suitable investment. We would caution investors not to make any short-term assumptions concerning our current positioning, exposures, or return expectations as they are likely to change over time. We continue to have strong confidence in the Fund over many other forms of investment when compared over a full market cycle, especially for long-term risk-conscious investors.

●***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. 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. The HFRI Indices are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. It is not possible to invest directly in an index or average. Standard Deviation indicates the volatility of a fund's total returns. In general, the higher the standard deviation, the greater the volatility of return.

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 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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