

## Open End Mutual Fund

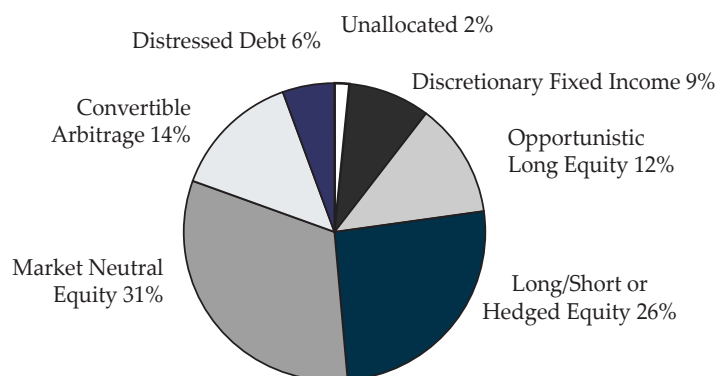
**Investment Objective:** The Fund seeks to achieve long-term capital appreciation with an emphasis on absolute (positive) returns and low correlation to traditional financial market indices such as the S&P 500. There can be no assurance the fund will achieve its objective.

**Investment Parameters:** There is no fixed or minimum allocation to any sub-adviser, however, the Adviser will limit allocations to any one sub-adviser strategy to between 0% and 20% of total Fund assets.

**Shareholder Servicing, Custodian & Fund Administration:**  
Citigroup Global Transaction Services

### Sub-Adviser Allocations [As of 06.30.07]

Breakdown by Sub-Adviser Strategy:



Cumulative Total Returns	2nd Quarter '07 at NAV	Inception to Date at NAV	Inception to Date with Sales Charge	Year to Date at NAV
I-Share (ASFIX)	1.54%	10.86%	n/a	3.19%
A-Share (ASFAX)	1.46%	10.12%	5.16%	3.01%
C-Share (CASFX)	1.27%	8.95%	n/a	2.63%

Inception Dates: A-Share & I-Share: 7.27.05, C-Share: 1.13.06

**Quarter-End Performance:** As of 06/30/07, the 1-year and since inception annualized performance for I-Share was 6.66% and 5.50%, respectively. The 1-year and since inception performance for A-Share was 6.27% and 5.13%, respectively. The 1-year and since inception performance for A-Share with sales charge was 1.49% and 2.65%, respectively. The 1-year and since inception performance for C-Shares was 5.56% and 4.45%.

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 principle 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 our website at [www.absoluteadvisers.com](http://www.absoluteadvisers.com). Class A performance results with sales charges reflects the deduction of the maximum 4.50% front-end sales charge. Performance presented at NAV, which does not include this sales charge, would be lower if this charge was reflected. 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. As stated in the current prospectus, the Fund's annual operating expense ratios (gross) for Class I, Class A and Class C Shares are 2.14, 2.45% and 5.40% respectively. However, the Fund's adviser has agreed to contractually waive a portion of its fees and/or reimburse expenses such that total operating expenses do not exceed 1.95%, 2.25% and 3.00% for Class I, Class A and Class C Shares. Although subject to change, this waiver is renewed annually on July 31st.

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.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

## Fund Highlights:

- **Focus on achieving absolute returns and low correlation and low volatility** relative to the broader markets. Absolute return strategies seek to provide positive returns that are largely independent of market moves.
- **Access to highly-skilled and established money managers** whose strategies pursue absolute or risk adjusted returns. Many of the strategies are unavailable to retail investors due to high minimums.
- **Convenient Mutual Fund Structure.** The Fund offers clients a unique investment solution, normally associated with hedge funds, with the benefits of daily pricing, daily liquidity, portfolio transparency and low minimums.

### Portfolio Information [As of 06.30.07]

Number of Sub-Adviser Strategies: 13	Industry Groups: Over 50
Assets Under Management: \$ 301 million	Holdings: 1595
Largest Strategy Allocation: 14.7%	Beta* to the S&P 500: 0.19
Long Equity <sup>1</sup> : \$196 million	Standard Deviation*: 2.0%
Short/Hedged Equity <sup>1</sup> : (\$154 million) <sup>1</sup> exposures include notional value of options & future hedges	

## Portfolio Commentary:

The Fund achieved a total return of 1.54% during the 2nd quarter of 2007, while having a net long equity exposure of approximately 13% of net assets. This compares to returns of 6.28% for the S&P 500 Index and -0.52% for the Lehman Aggregate Bond Index. The Fund has had 13 consecutive positive months, including June when the S&P 500 was down 1.7%.

Equities returned to their straight-up path for most of the 2nd quarter. This path was upset modestly by volatility in the bond market as rising interest rates and issues with sub-prime asset backed securities have caused many investors to reassess risk. However, historically low and stable interest rates along with record profit margins continue to reinforce a willingness to accept very low risk premiums across many risky asset classes. We've begun to wonder, "Do some investors view the S&P 500 as the new risk-free rate?"

We continue to observe broad asset class correlations and sensitivities (measured by beta), which most recently include the bond market. Combining this with loose credit standards, leverage, and private equity debt dependence could create an interesting environment when profit margins revert to normal, liquidity moderates, or risk premiums and credit spreads widen. Attempts to diversify portfolios using traditional asset classes may prove to be ineffective in volatile markets.

The Fund continues to be positioned with low sensitivity to a variety of risk factors. Such a discipline can be frustrating when the current segment of the market cycle is moving straight up. The positioning of the Fund could be altered to seek higher return, but that would likely mean accepting significant market risk, higher beta and a greater chance of large losses; our managers do not replace the concept of risk-adjusted return with risk-ignored return. Indeed, the best times to exploit investment opportunities are generally NOT when conditions are consistently referred to as "Goldilocks." <sup>\*</sup>See reverse for definitions

TICKER	CUSIP	HIGHLIGHTS
"I" Share ASFIX	34984T600	No minimum for fee-based advisory accounts. \$1 million minimum for non-fee based accounts.
"A" Share ASFAX	34984T709	*\$10,000 minimum, \$1,000 minimum for IRAs. Maximum 4.5% front-end sales charge.
"C" Share CASFX	34984T808	\$10,000 minimum. No up-front sales charge. No CDSC. 1% annual trail paid quarterly.

See Prospectus for Share Class details.

## Absolute Investment Advisers Investment Philosophy & Strategy:

At **Absolute Investment Advisers LLC**, we maintain that disciplined risk management is the essence of successful investment management. We believe that risk-adjusted performance is best sought by utilizing highly-skilled active managers who are managed and monitored in a structure that is transparent and frequently-valued. Accurately evaluating performance and risks is vital for successfully managing portfolios of active strategies. It also enables optimization of capital allocations by strategy based on performance, risk, correlation and diversification.

Our investment team has an extensive understanding of the capital markets as well as direct experience running hedge funds and managing and modeling sophisticated risks. As such, our team has a comprehensive understanding of hedge fund strategies, operations and associated risks. We believe a thorough appreciation of how our investment team thinks about risks and portfolio management is essential when making a decision to invest with us.

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INVESTMENT ADVISERS

Fund Sub Advisers	Primary Strategy for the Fund	Founded	Firm AUM
Aronson+Johnson+Ortiz, LP	Dollar-Neutral Long/Short Equity	1984	\$28.3 billion
Bernzott Capital Advisers	Concentrated Small Cap Equity	1994	\$840 million
Contravisory Research & Management Corp.	Quantitative/Technical Long/Short Equity	1972	\$612 million
Horizon Asset Management, Inc.	Synthetic Short Sale & Distressed Debt	1995	\$2.2 billion
Kinetics Asset Management, Inc.	Global Long/Short Equity	1996	\$7.8 billion
Kovitz Investment Group, LLC	Fundamental Long/Short Equity	1997	\$920 million
Loomis, Sayles & Company, L.P.	Discretionary Fixed Income	1926	\$97 billion
Metropolitan West Asset Management, LLC	Discretionary Fixed Income	1996	\$19.9 billion
Mohican Financial Management, LLC	Small/Mid-Cap Convertible Arbitrage	2003	\$86 million
SSI Investment Management, Inc.	Hedged Convertible & Market Neutral Equity	1973	\$1.3 billion
TWIN Capital Management, Inc.	Momentum Long/Short Market Neutral	1990	\$641 million
Yacktman Asset Management Co	Focused Equity	1992	\$1 billion

For a description of the Fund's primary strategies, please refer to the Fund's prospectus.

**Portfolio Strategy:** We manage the overall portfolio strategy through a quantitative model that focuses on optimizing manager allocations based on performance, risk, correlation and diversification. The investment process monitors manager exposures and return attribution on an ongoing basis. The Fund's investment approach differs from more traditional investments that achieve returns from general market or beta exposures, so its performance and exposures differ accordingly. In addition, our Sub-Advisers are free to selectively take risk, hedge risk, or avoid risk in individual securities or industries without being constrained by focusing on a benchmark.

**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. Alpha is the difference between a fund's actual returns and its expected performance, given its level of risk as measured by Beta. 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 Lehman Aggregate Bond Index comprises government securities, mortgage-backed securities, asset-backed securities and corporate securities to simulate the universe of bonds in the market. The DJIA consists of 30 stocks that are considered to be major factors in their industries and that are widely held by individuals and institutional investors. The NASDAQ is an unmanaged index representing the market cap weighted performance of approximately 5,000 domestic common stocks traded on the NASDAQ exchange. 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 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](http://www.absoluteadvisers.com). Please Read the prospectus carefully before you invest.*

**ABSOLUTE** Strategies  
FUND

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