

Open End Mutual Fund

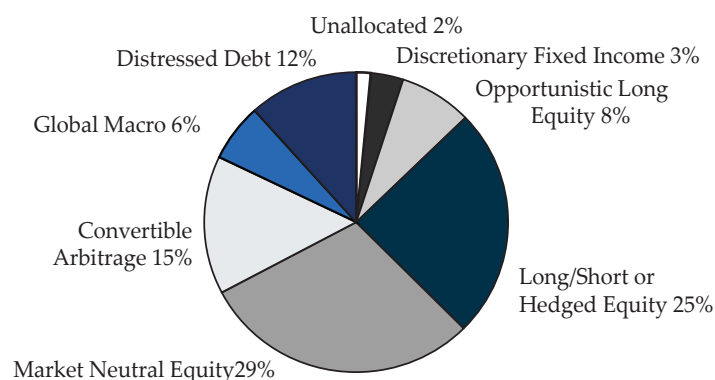
Investment Objective: The Fund seeks to achieve long-term capital appreciation with an emphasis on absolute (positive) returns and low correlation to traditional financial market indices such as the S&P 500. There can be no assurance the fund will achieve its objective.

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 12.31.07]

Breakdown by Sub-Adviser Strategy:



Cumulative Total Returns	4th Quarter '07 at NAV	Inception to Date at NAV	Inception to Date with Sales Charge	Year to Date at NAV
I-Share (ASFIX)	0.39%	12.96%	n/a	5.14%
A-Share (ASFAX)	0.34%	12.04%	7.00%	4.81%
C-Share (CASFX)	0.18%	10.48%	n/a	4.07%

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

Quarter-End Performance: As of 12/31/07, the 1-year and since inception annualized performance for I-Share was 5.14% and 5.14%, respectively. The 1-year and since inception annualized performance for A-Share was 4.81% and 4.79%, respectively. The 1-year and since inception performance for A-Share with sales charge was 0.09% and 2.82%, respectively. The 1-year and since inception performance for C-Shares was 4.07% and 4.11%.

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. 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.

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Share Class Information can be found in the [Prospectus](#) & on our [Website](#)

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 12.31.07]

Number of Sub-Adviser Strategies: 14	Industry Groups: Over 50
Assets Under Management: \$790 million	Holdings: over 1500
Largest Strategy Allocation: 14.7%	Beta* to the S&P 500: 0.20
Long Securities: \$645 million	Standard Deviation*: 2.1%
Short Securities¹: (390 million) ¹ exposures include notional value of options & future hedges	

Portfolio Commentary:

The Fund performed well during continued volatility in the markets with a total return of 0.39% for the 4th quarter. Quarterly returns for the S&P 500 Index and the Lehman Aggregate Bond Index were -3.33% and 3.00% respectively. There continues to be many dislocations across various markets that have created a great deal of volatility as well as a "flight to safety" in US Treasuries. The Fund was well positioned for this instability and avoided large monthly losses; the largest down month for the Fund in 2007 was -0.36%. For the 3rd and 4th quarters combined, the Fund was up 1.9% vs. -1.4% for the S&P 500 and -7.5% for the "equal weighted" S&P 500 (a recent favorite among many investors).

Again, we did not find the recent turbulence to be unexpected. We continue to stress that easy credit, low risk premiums and high degrees of leverage may not work well when credit tightens or liquidity moderates. However, many hedge fund strategies have required cheap credit, low volatility and excess leverage to generate performance. In addition, many strategies are betting on similar factors that tend to focus on highly cyclical, low quality securities. As we've stated repeatedly in previous commentaries, these factors appear to be highly sensitive (have high beta) to moves in various traditional asset classes. Therefore continued volatility may create a serious diversification dilemma for investors counting on "low correlation." The inevitable unwinding of leverage and re-pricing of risk among crowded allocations will likely continue to cause highly correlated volatility across most asset classes. Expectations of "decoupling" or the "Bernanke put" may be wishful thinking.

We should stress that our Fund is not a "bear market" strategy. We do not utilize a net short position. We also do not rely on large directional bets that are common among many types of hedge funds...those tend to be higher-risk strategies. We believe the objective of hedging strategies should be to avoid large losses and help diversify portfolio risk, not leverage sensitivity to your other investments. At the same time, our strategies seek to take advantage of investment opportunities. Continued volatility and panic among other investors may create the dislocations necessary for some of our strategies to take advantage of potential long-term (and long-awaited) risk/reward opportunities. As the Fund's exposures evolve, a modest increase in volatility should be expected.

🔗 See reverse for definitions

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	\$30.6 billion
Bernzott Capital Advisers	Concentrated Small Cap Equity	1994	\$948 million
Contravisory Research & Management Corp.	Quantitative/Technical Long/Short Equity	1972	\$736 million
GMB Capital Management, LLC	Global Macro	2005	\$105 million
Horizon Asset Management, Inc.	Distressed Debt & Synthetic Short Sale	1995	\$3 billion
Kinetics Asset Management, Inc.	Global Long/Short Equity	1996	\$10.5 billion
Kovitz Investment Group, LLC	Fundamental Long/Short Equity	1997	\$1 billion
Metropolitan West Asset Management, LLC	Opportunistic/Distressed Debt & Fixed Income	1996	\$21.3 billion
Mohican Financial Management, LLC	Small/Mid-Cap Convertible Arbitrage	2003	\$105 million
SSI Investment Management, Inc.	Convertible Arbitrage & Market Neutral Equity	1973	\$1.1 billion
TWIN Capital Management, Inc.	Momentum Long/Short Market Neutral	1990	\$747 million
Yackman Asset Management Co	Focused Equity	1992	\$1.1 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 S&P Equal Weight Index (S&P EWI) is the equal-weight version of the widely regarded S&P 500. The index has the same constituents as the capitalization weighted S&P 500, but each company in the S&P EWI is allocated a fixed weight. Standard Deviation indicates the volatility of a fund's total returns. In general, the higher the standard deviation, the greater the volatility of return. Correlation is a statistical measure of how two securities move in relation to each other.*

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. Please Read the prospectus carefully before you invest.

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FUND

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