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**ABSOLUTE**Strategies  
FUND

With Strategic Portfolio Analysis by Lipper



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**SEMI-ANNUAL REPORT  
(Unaudited)**

**SEPTEMBER 30, 2005**

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**ABSOLUTE**  
INVESTMENT ADVISERS

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**ABSOLUTE STRATEGIES FUND**

A MESSAGE TO OUR SHAREHOLDERS

SEPTEMBER 30, 2005

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Dear Shareholder,

We are pleased to present the semi-annual report for the Absolute Strategies Fund (the “Fund”) for the period ending September 30, 2005. This is our first shareholder report representing an interim period from the Fund’s commencement of performance on July 27, 2005. The Fund performed as intended during this short initial period. Since inception, the Fund’s Institutional and A Shares gained in value during August and September with a total return of 0.79% and 0.73%, respectively, and with little volatility in the Fund’s net asset value.\*

We, as the Fund’s advisor, allocate assets to a carefully chosen group of skilled managers (the “Sub-Advisers”) who employ a wide range of specialized investment strategies. As of September 30, 2005, we allocated over 97% of the Fund’s assets to twelve Sub-Adviser strategies. The remaining assets were held in cash for future allocations. Of the Sub-Advisers who received assets, the largest allocation to a single strategy was approximately 15%, while the smallest was roughly 3%. As anticipated, certain Sub-Adviser strategies received no allocation, largely due to high investment minimums relative to their potential allocation. As defined in the Fund’s prospectus, the most we will allocate to any single strategy is 20% of Fund assets.

We allocate Fund assets to the Sub-Advisers using a quantitative approach that seeks to create a low correlating, low volatility model in an effort to enhance risk-adjusted returns. It is not our intention to actively manage the portfolio allocations based on any macro-economic analysis or traditional asset allocation strategy. We believe investing with skilled money managers is the best way to seek enhanced risk-adjusted, low volatility returns.

The Fund and the Sub-Advisers do not attempt to manage to a traditional benchmark or index, such as the S&P 500. We seek to achieve absolute (positive) returns independent of traditional indices over a complete market cycle. As such, our performance will likely differ from the performance of major market indices during both up and down periods. 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.

The holdings of the Fund are diversified across a wide range of industries and asset classes. As of September 30, 2005, the Fund had over 600 holdings in over 50 industry groups, including both long and short equities. The Fund’s long and short equity exposure was 41.3% and 24.0%, respectively. Our top equity sector exposure was net long 7% in Consumer Staples and net short 6% in Consumer Discretionary. In fixed income, our largest investments are in US Government and Agency Obligations, which total approximately 11% of net assets.

The Fund also held a sizeable cash position, which is largely the result of new cash inflows that the Sub-Advisers invest patiently in order to minimize market impact and transaction costs. As such, the amount of cash should be only temporary. Several Sub-Advisers may also hold cash positions from time to time as a defensive or hedging measure, or while waiting for better opportunities. These tactics are disciplined investing decisions of skilled money managers. We have hired them to make these decisions for the Fund, and we do not require them to be “fully invested” if they feel cash is the most opportune investment from a risk/return standpoint.

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SEPTEMBER 30, 2005

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Looking forward, we do not hold any crystal ball with regard to a market outlook and we do not attempt to guarantee positive performance regardless of any market conditions. However, we do have confidence in our Sub-Advisers to mitigate risk and to provide solid risk-adjusted returns. We view the Fund as a long-term investment that will continue to provide value through skilled money managers and through an objective that emphasizes absolute returns, low correlation and low volatility.

Sincerely,



Jay Compson  
Principal and Portfolio Manager  
Absolute Investment Advisers LLC

*\*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. Class A performance results are shown at net asset value which does not reflect the deduction of the maximum 4.50% front-end sales charge. A share performance would be lower had this charge been reflected.*

*Since the Fund utilizes a multi-manager strategy with multiple sub-advisers, it may be exposed to varying forms of risk. These risks include, but are not limited to, non-diversification, concentration, small company, foreign securities, junk bond, IPOs and derivatives. For a complete description of the Fund's principal investment risks please refer to the prospectus.*

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**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2005

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<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
<b>Long Positions - 97.3%</b>		
<b>Equity Securities - 41.3%</b>		
<b>Common Stock - 34.4%</b>		
<b>Consumer Discretionary - 0.8%</b>		
365	Grupo Televisa SA ADR #	\$ 26,174
14,000	Liberty Media Corp., Class A †	112,700
590	McGraw-Hill Cos., Inc. #	28,344
1,015	Sirius Satellite Radio, Inc. †#	6,648
2,180	Walt Disney Co. #	52,603
80	Washington Post Co.	64,200
2,860	XM Satellite Radio Holdings, Inc. †#	102,703
		<hr/>
		393,372
<b>Consumer Staples - 8.9%</b>		
1,150	Abercrombie & Fitch Co. #	57,328
1,875	Advance Auto Parts †#	72,525
485	Alaska Air Group, Inc. †#	14,094
2,780	Archer-Daniels-Midland Co. #	68,555
1,580	Autonation, Inc. †#	31,553
2,350	Bebe Stores, Inc. #	41,125
1,205	Bluegreen Corp. †#	21,268
1,700	Boyd Gaming Corp. †#	73,304
415	Brown-Forman Corp., Class B #	24,709
415	Brunswick Corp. #	15,658
1,620	Bunge, Ltd. #	85,244
830	Casey's General Stores, Inc. #	19,256
1,000	Cedar Fair, LP	29,990
525	Chiquita Brands International, Inc. #	14,674
1,250	Choice Hotels International, Inc. #	80,800
1,050	CKE Restaurants, Inc. #	13,839
585	Clorox Co. #	32,491
2,650	Coach, Inc. #	83,104
3,865	Coca-Cola Co. #	166,929
2,700	Darden Restaurants, Inc. #	81,999
905	Del Monte Foods Co. †#	9,711
1,320	Dollar Tree Stores, Inc. †	28,578
1,200	DR Horton, Inc. #	43,464
755	ExpressJet Holdings, Inc. †#	6,772
475	Federated Department Stores, Inc. #	31,763
350	Fomento Economico Mexicano SA ADR #	24,472
1,445	Gap, Inc. #	25,186
575	Genesco, Inc. †#	21,413
600	Genuine Parts Co. #	25,740
160	Gillette Co. #	9,312
880	Gold Kist, Inc. †#	17,204
5,700	Goodyear Tire & Rubber Co. †#	88,863
695	GTECH Holdings Corp. #	22,282
770	Harley-Davidson, Inc.	37,299
175	Harman International Industries, Inc. #	17,897
1,485	Hasbro, Inc. #	29,180
1,000	Hershey Co. #	56,310
1,445	Hilton Hotels Corp. #	32,252
500	Hovnanian Enterprises, Inc., Class A †#	25,600

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**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2005

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<b>Shares</b>	<b>Security Description</b>	<b>Value</b>
655	Jack in the Box, Inc. †#	\$ 19,591
620	JC Penney Co., Inc. #	29,400
4,000	Kraft Foods, Inc.	122,360
1,940	Kroger Co. †#	39,945
1,410	K-Swiss, Inc. #	41,694
2,700	Lennar Corp., Class A	161,352
2,485	Lions Gate Entertainment Corp. †#	23,707
440	Liz Claiborne, Inc. #	17,301
1,850	Loews Corp. - Carolina Group #	73,315
565	Longs Drug Stores Corp. #	24,233
1,495	MDC Holdings, Inc. #	117,941
200	MGM Mirage †	8,754
885	Michaels Stores, Inc. #	29,258
500	Movado Group, Inc.	9,360
500	Nautilus, Inc.	11,035
655	Navistar International Corp. †#	21,242
1,085	Newell Rubbermaid, Inc. #	24,575
485	Nike, Inc., Class B #	39,615
3,590	Nordstrom, Inc. #	123,209
3,530	Oshkosh Truck Corp. #	152,355
490	Paccar, Inc. #	33,266
1,670	Pacific Sunwear of California †#	35,805
575	Pantry, Inc. †#	21,488
755	Parlux Fragrances, Inc. †#	22,001
2,290	Payless Shoesource, Inc. #	39,846
1,125	Penn National Gaming, Inc. †#	34,998
620	PepsiAmericas, Inc. #	14,093
3,200	Performance Food Group Co. †#	100,992
1,215	Pilgrim's Pride Corp. #	44,226
565	Polaris Industries, Inc. #	27,996
560	Pulte Homes, Inc. #	24,035
300	RC2 Corp. †	10,128
1,995	Retail Ventures, Inc. †#	21,905
9,360	Rite Aid Corp. †#	36,317
450	Royal Caribbean Cruises, Ltd. #	19,440
1,200	Ryland Group, Inc. #	82,104
200	Sears Holdings Corp. †	24,884
900	Sports Authority, Inc. †	26,496
650	Standard-Pacific Corp. #	26,982
1,400	Station Casinos, Inc. #	92,904
1,090	Supervalu, Inc. #	33,921
2,800	Timberland Co., Class A †	94,584
1,650	TJX Cos., Inc.	33,792
630	Toll Brothers, Inc. †#	28,142
3,100	Urban Outfitters, Inc. †#	91,140
700	VF Corp. #	40,579
2,200	Volvo AB ADR	96,015
2,100	Walgreen Co. #	91,245
800	Whole Foods Market, Inc. #	107,560
1,145	Wolverine World Wide, Inc. #	24,102
1,550	Yum! Brands, Inc. #	75,036
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**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2005

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<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
<b>Energy - 3.4%</b>		
160	Anadarko Petroleum Corp. #	\$ 15,320
560	Apache Corp.	42,123
1,520	BJ Services Co.	54,705
400	Canadian Oil Sands Trust	44,272
335	ConocoPhillips #	23,420
1,400	Consol Energy, Inc. #	106,778
10,200	El Paso Corp. #	141,780
400	EnCana Corp.	23,324
415	ENSCO International, Inc. #	19,335
450	Foundation Coal Holdings, Inc. #	17,302
545	GlobalSantaFe Corp. #	24,863
425	Grant Prideco, Inc. †#	17,276
545	Headwaters, Inc. †#	20,383
200	Imperial Oil, Ltd.	23,012
425	Maverick Tube Corp. †#	12,750
2,175	Murphy Oil Corp. #	108,467
1,055	National Oilwell Varco, Inc. †#	69,419
295	Noble Corp. #	20,196
260	Oceaneering International, Inc. †#	13,887
1,305	Peabody Energy Corp. #	110,077
260	Pogo Producing Co. #	15,324
300	Quicksilver Resources, Inc. †#	14,337
490	Schlumberger, Ltd. #	41,346
1,775	Southwestern Energy, Co. †#	130,285
600	Suncor Energy, Inc.	36,318
395	Sunoco, Inc. #	30,889
1,295	Tidewater, Inc. #	63,028
610	Toreador Resources Corp. †#	21,594
2,410	Ultra Petroleum Corp. †#	137,081
250	Unit Corp. †#	13,820
200	Valero Energy Corp. #	22,612
100	Western Oil Sands, Inc. †	2,374
1,000	Williams Cos., Inc.	25,050
2,200	XTO Energy, Inc. #	99,704
		<hr/>
		1,562,451
<b>Financials - 5.4%</b>		
350	ACE, Ltd. #	16,474
855	AG Edwards, Inc. #	37,458
2,000	Allied Capital Corp.	57,260
910	Amegy Bancorp, Inc. #	20,593
200	American Express Co.	11,488
420	American Financial Group, Inc. #	14,251
670	American International Group, Inc. #	41,513
2,000	American Real Estate Partners, LP	75,000
820	AmeriCredit Corp. †#	19,573
520	AmerUs Group Co. #	29,832
1,200	Archipelago Holdings, Inc. †	47,820
1,165	Bank of America Corp. #	49,046
855	Bank of New York Co., Inc. #	25,145
20	Berkshire Hathaway, Inc. †	54,620
1,200	Brascan Corp., Class A	55,920
755	Capital One Financial Corp. #	60,037

See Notes to Financial Statements.

**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF INVESTMENTS

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<b>Shares</b>	<b>Security Description</b>	<b>Value</b>
1,400	CB Richard Ellis Group, Inc., Class A †#	\$ 68,880
1,135	Charles Schwab Corp. #	16,378
350	Chicago Mercantile Exchange Holdings, Inc. #	118,055
275	Cigna Corp. #	32,411
970	Cincinnati Financial Corp.	40,633
195	City National Corp. #	13,668
450	CompuCredit Corp. †#	19,989
3,270	E*Trade Financial Corp. †#	57,552
400	Forest City Enterprises, Inc., Class A	15,240
320	Franklin Resources, Inc.	26,867
450	GFI Group, Inc. †#	18,527
400	Groupe Bruxelles Lambert SA †	39,184
1,245	Hudson City Bancorp, Inc. #	14,816
2,300	IndyMac Bancorp, Inc. #	91,034
130	Infinity Property & Casualty Corp. #	4,562
3,050	Investors Financial Services Corp.	100,345
1,000	LaBranche & Co., Inc. †	8,690
700	Legg Mason, Inc. #	76,783
1,000	Leucadia National Corp.	43,100
1,015	M&T Bank Corp. #	107,296
620	MGIC Investment Corp.	39,804
2,200	Montpelier Re Holdings, Ltd.	54,670
395	Morgan Stanley #	21,306
1,850	Nelnet, Inc., Class A †#	70,318
1,685	Northern Trust Corp. #	85,177
2,300	Nuveen Investments, Inc., Class A #	90,597
2,000	Pacific Capital Bancorp.	66,580
345	PartnerRe, Ltd. #	22,097
1,310	Popular, Inc.	31,728
700	Progressive Corp.	73,339
2,200	Protective Life Corp.	90,596
460	Raymond James Financial, Inc. #	14,775
100	Refco, Inc. †	2,827
780	Sovereign Bancorp, Inc. #	17,191
240	St Joe Co. #	14,988
200	Student Loan Corp. #	47,376
520	Synovus Financial Corp.	14,414
2,000	Trustmark Corp.	55,700
6,000	Van der Moolen Holding NV ADR	32,520
1,000	Wells Fargo & Co.	58,570
60	White Mountains Insurance Group	36,240
705	WR Berkley Corp. #	27,833
390	Zions Bancorporation	27,772
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		2,526,458
<b>Health Care - 3.8%</b>		
2,000	Abbott Laboratories #	84,800
310	Aetna, Inc. #	26,703
1,350	Affymetrix, Inc. †#	62,411
195	Alcon, Inc. #	24,937
525	AstraZeneca plc ADR #	24,727
365	Barr Pharmaceuticals, Inc. †#	20,046
425	Bausch & Lomb, Inc. #	34,289
3,085	Baxter International, Inc. #	122,999

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**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2005

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<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
1,050	Becton Dickinson & Co. #	\$ 55,052
2,050	Celgene Corp. †#	111,356
1,800	Covance, Inc. †#	86,382
1,445	Coventry Health Care, Inc. †#	124,299
365	CV Therapeutics, Inc. #	9,764
830	Cyberonics, Inc. †#	24,767
1,750	DaVita, Inc. †#	80,622
900	DJ Orthopedics, Inc. †	26,046
395	Express Scripts, Inc. †#	24,569
460	Haemonetics Corp. †#	21,864
1,750	Health Management Associates, Inc., Class A	41,072
820	Health Net, Inc. †	38,802
1,300	HealthExtras, Inc. †	27,794
855	Hospira, Inc. †#	35,029
500	Integra LifeSciences Holdings †	19,130
335	Invitrogen Corp. †#	25,202
2,010	King Pharmaceuticals, Inc. †	30,914
950	Kos Pharmaceuticals, Inc. †#	63,583
620	Medco Health Solutions, Inc. †#	33,995
3,000	NBTY, Inc. †	70,500
2,000	Pfizer, Inc.	49,940
480	Quest Diagnostics, Inc.	24,259
4,500	Schering-Plough Corp. #	94,725
500	Serologicals Corp. †	11,280
850	Sierra Health Services, Inc. †#	58,539
1,750	Sunrise Senior Living, Inc. †#	116,795
7,400	Tenet Healthcare Corp. †#	83,102
		<hr/>
		1,790,294

**Industrials - 4.6%**

765	Adesa, Inc. #	16,906
470	Amphenol Corp., Class A #	18,960
500	Arbitron, Inc.	19,920
695	Arrow Electronics, Inc. †#	21,795
670	Ball Corp. #	24,616
1,500	Boeing Co.	101,925
460	Cemex SA de CV ADR #	24,058
1,635	Cendant Corp. #	33,746
1,300	Crown Holdings, Inc. †#	20,722
160	CSX Corp.	7,437
485	Eaton Corp. #	30,822
1,000	Electro Scientific Industries †	22,360
745	Engineered Support Systems, Inc. #	30,575
3,305	Equifax, Inc. #	115,477
300	Franklin Electric Co., Inc.	12,417
360	General Maritime Corp. #	13,252
2,500	Graco, Inc. #	85,700
3,110	Heartland Express, Inc. #	63,257
780	Ingersoll-Rand Co, Ltd., Class A #	29,819
1,600	ITT Educational Services, Inc. †#	78,960
1,800	Joy Global, Inc. #	90,828
870	Laidlaw International, Inc. #	21,028
1,500	Lancaster Colony Corp.	64,500
1,500	Lockheed Martin Corp. #	91,560

See Notes to Financial Statements.

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**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2005

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<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
800	Manpower, Inc.	\$ 35,512
655	McKesson Corp. #	31,080
100	Moody's Corp.	5,108
520	Norfolk Southern Corp. #	21,091
325	Overseas Shipholding Group #	18,957
3,150	Owens-Illinois, Inc. †#	64,953
430	Parker Hannifin Corp. #	27,653
985	PerkinElmer, Inc. #	20,064
1,700	Pharmaceutical Product Development, Inc. †#	97,767
530	Precision Castparts Corp. #	28,143
525	Quanex Corp. #	34,766
2,500	Quanta Services, Inc. †	31,900
860	Republic Services, Inc. #	30,349
400	Rockwell Automation, Inc. #	21,160
3,530	Rockwell Collins, Inc. #	170,570
845	RR Donnelley & Sons Co. #	31,324
2,000	Sonoco Products Co.	54,620
900	Stanley Works #	42,012
1,100	Terex Corp. †	54,373
1,240	Timken Co.	36,741
2,000	Tyco International, Ltd.	55,700
290	USG Corp. †#	19,929
1,250	UTI Worldwide, Inc. #	97,125
310	Vulcan Materials Co. #	23,005
655	Walter Industries, Inc. #	32,043
460	Yellow Roadway Corp. †#	19,053
		<hr/>
		2,145,638

**Information Technology - 3.2%**

2,685	Autodesk, Inc. †#	124,691
600	CACI International, Inc., Class A †	36,360
950	Cerner Corp. †#	82,583
1,700	Cognizant Technology Solutions, Class A †#	79,203
940	Computer Sciences Corp. †	44,471
3,180	Dell, Inc. †#	108,756
300	Diodes, Inc. †	10,878
280	Dun & Bradstreet Corp. †#	18,444
1,230	Earthlink, Inc. †#	13,161
620	eBay, Inc. †#	25,544
1,350	F5 Networks, Inc. †#	58,685
960	Fiserv, Inc. †	44,035
310	Global Payments, Inc. #	24,093
955	Hewlett-Packard Co. #	27,886
800	IDX Systems Corp. †	34,544
700	j2 Global Communications, Inc. †	28,294
855	McAfee, Inc. †#	26,864
1,510	MEMC Electronic Materials, Inc. †	34,413
1,850	Micros Systems, Inc. †#	80,938
570	NCR Corp. †#	18,189
5,030	Novell, Inc. †	37,474
1,075	Perot Systems Corp., Class A †#	15,211
1,300	Power Integrations, Inc. †	28,275
3,950	Salesforce.com, Inc. †#	91,324
8,850	Seagate Technology #	140,272

See Notes to Financial Statements.

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**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2005

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<b>Shares</b>	<b>Security Description</b>	<b>Value</b>
950	SEI Investments Co.	\$ 35,701
1,800	SRA International, Inc., Class A †#	63,864
1,000	Transaction Systems Architects †	27,850
2,400	Taiwan Semiconductor Manufacturing Co., Ltd. ADR #	19,728
5,300	Western Digital Corp. †#	68,529
1,400	Witness Systems, Inc. †	29,246
		<hr/>
		1,479,506
		<hr/>
<b>Materials - 0.8%</b>		
560	Agrium, Inc. #	12,303
700	Alcan, Inc.	22,211
4,350	Chemtura Corp. #	54,027
790	Dow Chemical Co. #	32,919
490	Eastman Chemical Co. #	23,015
625	Georgia Gulf Corp. #	15,050
720	MeadWestvaco Corp. #	19,886
780	Nova Chemicals Corp.	28,704
640	Nucor Corp. #	37,754
620	OM Group, Inc. †#	12,481
120	Phelps Dodge Corp. #	15,592
360	PPG Industries, Inc. #	21,308
490	Praxair, Inc. #	23,486
490	Rohm & Haas Co. #	20,154
1,110	Steel Dynamics, Inc. #	37,696
		<hr/>
		376,586
		<hr/>
<b>Telecommunications - 1.0%</b>		
405	Alltel Corp. #	26,370
1,260	CenturyTel, Inc.	44,075
800	Comtech Telecommunications Corp. †	33,176
735	Harris Corp. #	30,723
1,290	Motorola, Inc. #	28,496
1,550	NII Holdings, Inc. †#	130,898
1,745	Nokia OYJ ADR #	29,508
3,600	Sprint Nextel Corp.	85,608
1,195	Verizon Communications, Inc. #	39,065
		<hr/>
		447,919
		<hr/>
<b>Utilities - 2.5%</b>		
3,200	Allegheny Energy, Inc. †	98,304
1,040	American Electric Power Co., Inc. #	41,288
2,000	American States Water Co.	66,920
9,950	Centerpoint Energy, Inc. #	147,957
2,500	CMS Energy Corp. †	41,125
425	Constellation Energy Group, Inc. #	26,180
920	DPL, Inc. #	25,576
4,495	Duke Energy Corp. #	131,119
2,070	Edison International #	97,870
1,220	Entergy Corp. #	90,670
475	Exelon Corp. #	25,384
955	NiSource, Inc. #	23,159
550	Oneok, Inc.	18,711
2,500	PG&E Corp. #	98,125
1,020	PPL Corp.	32,977

See Notes to Financial Statements.

**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2005

<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
4,000	Reliant Energy, Inc. †	\$ 61,760
325	Sempra Energy #	15,295
4,000	Sierra Pacific Resources †	59,400
230	TXU Corp. #	25,962
640	UGI Corp. #	18,016
		<u>1,145,798</u>
Total Common Stock (Cost \$15,972,465)		<b>15,996,029</b>

**Real Estate Investment Trust - 1.6%**

590	AMB Property Corp. #	26,491
2,400	Apartment Investment & Management Co.	93,072
195	Boston Properties, Inc. #	13,826
825	Cousins Properties, Inc. #	24,931
1,500	Entertainment Properties Trust	66,945
1,700	Global Signal, Inc. #	76,058
1,000	Health Care Property Investors, Inc.	26,990
5,000	HRPT Properties Trust	62,050
2,000	iStar Financial, Inc.	80,860
1,000	Plum Creek Timber Co, Inc.	37,910
1,330	Simon Property Group, Inc.	98,580
2,200	Taubman Centers, Inc. #	69,740
2,000	Washington Real Estate Investment Trust	62,220
		<u>739,673</u>
Total Real Estate Investment Trust (Cost \$711,719)		

	<u>Rate</u>	
<b>Preferred Stock - 0.9%</b>		
<b>Consumer Discretionary - 0.1%</b>		
1,267	Ford Motor Co. Capital Trust II †#	46,182
<b>Energy - 0.3%</b>		
1,114	Chesapeake Energy Corp. †#	124,350
<b>Financials - 0.2%</b>		
1	FNMA #	91,850
<b>Materials - 0.3%</b>		
1,350	Celanese Corp. †#	35,775
100	Freeport-McMoRan Copper & Gold, Inc. †#	110,700
8	Terra Industries, Inc. †#	7,228
		<u>153,703</u>
Total Preferred Stock (Cost \$407,706)		<b>416,085</b>
<b>Mutual Fund - 4.4%</b>		
154,866	Loomis Sayles Investment Grade Fixed Income Fund (Cost \$2,063,399) φ	<b>2,056,623</b>
<b>Total Equity Securities (Cost \$19,155,289)</b>		<b>19,208,410</b>

<u>Principal</u>		<u>Maturity Date</u>	
<b>Fixed-Income Securities - 17.3%</b>			
<b>Asset Backed Obligations - 1.7%</b>			
\$ 55,000	Continental Airlines, Inc., Series 2002-1	6.56	02/15/12
44,163	Continental Airlines, Inc., Series 974-A	6.90	01/02/18
94,665	Countrywide Alternative Loan Trust, Series 2005-16-A5 + #	4.11	06/25/35
84,222	Countrywide Alternative Loan Trust, Series 2005-43-4A1 +	5.79	10/25/35
			57,350
			43,192
			94,895
			84,222

**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2005

<u>Principal</u>	<u>Security Description</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Value</u>
\$ 80,000	Credit Suisse First Boston Mortgage Securities, Series 2003-AR24 -2A4 + #	4.06%	10/25/33	\$ 79,938
97,784	DSLA Mortgage Loan Trust, Series 2005-AR2-2A1A + #	4.00	03/19/45	97,873
89,823	Harborview Mortgage Loan Trust, Series 2005-11-2A1A +	4.10	08/19/45	89,823
75,761	JP Morgan Mortgage Loan Trust, Series 2005-A5-2A1 +	5.18	08/25/35	75,639
80,068	Washington Mutual, Series 2005-AR1-A2A2 + #	4.08	01/25/45	80,112
81,755	Washington Mutual, Series 2005-AR2-2A21 + #	4.16	01/25/45	81,945
Total Asset Backed Obligations (Cost \$784,785)				<b>784,989</b>
<b>Corporate Convertible Bonds - 2.9%</b>				
<b>Consumer Discretionary - 0.2%</b>				
9,000	Citadel Broadcasting Corp. #	1.88	02/15/11	7,054
94,000	Kellwood Co. ~	3.50	06/15/34	79,783
				86,837
<b>Energy - 0.2%</b>				
75,000	Cal Dive International	3.25	12/15/25	94,781
<b>Financials - 0.5%</b>				
97,000	American Equity Investment Life Holding Co. #	5.25	12/06/24	105,609
46,000	CapitalSource, Inc. #	3.50	07/15/34	43,413
100,000	Fairfax Financial	5.00	07/15/23	99,875
				248,897
<b>Health Care - 0.2%</b>				
60,000	Abgenix, Inc. #	1.75	12/15/11	68,400
49,000	Human Genome Sciences, Inc. #	2.25	10/15/11	52,614
				121,014
<b>Industrials - 0.3%</b>				
78,000	Allied Waste Industries #	4.25	04/15/34	68,835
33,000	NCI Building Systems, Inc. #	2.13	11/15/24	38,115
30,000	Vishay Intertechnology #	3.63	08/01/23	28,950
				135,900
<b>Information Technology - 0.1%</b>				
99,000	ON Semiconductor Corp. ±#	1.51	04/15/24	74,992
<b>Materials - 0.5%</b>				
116,000	Apex Silver Mines, Ltd. #	4.00	09/15/24	101,500
111,000	Ryerson Tull, Inc. #	3.50	11/01/24	131,119
				232,619
<b>Telecommunications - 0.2%</b>				
100,000	Level 3 Communications ~	12.88	03/15/10	81,500
<b>Utilities - 0.7%</b>				
200,000	Calpine Corp.	4.75	11/15/23	110,000
150,000	Mirant Corp. ▽	2.50	06/15/21	155,625
65,000	Public Service Enterprise Group +	4.30	09/21/08	65,014
				330,639
Total Convertible Bonds (Cost \$1,408,365)				<b>1,407,179</b>

See Notes to Financial Statements.

**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2005

<u>Principal</u>	<u>Security Description</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Value</u>
<b>Corporate Non-Convertible Bonds - 1.4%</b>				
<b>Consumer Discretionary - 0.5%</b>				
\$ 55,000	Centex Corp. #	5.45%	08/15/12	\$ 54,439
130,000	Ford Motor Co. #	7.45	07/16/31	102,050
120,000	General Motors #	8.38	07/15/33	94,200
				250,689
<b>Financials - 0.8%</b>				
60,000	BankBoston Capital Trust II Series B	7.75	12/15/26	64,129
48,036	Cedar Brakes II LLC ☉#	9.88	09/01/13	55,733
79,000	Credit Suisse First Boston London ☉	9.65	03/24/10	71,010
50,000	Credit Suisse First Boston USA, Inc. #	5.13	08/15/15	49,916
50,000	General Motors Acceptance Corp. MTN +	4.87	10/20/05	50,001
70,000	JPMorgan Chase & Co.	5.15	10/01/15	69,703
				360,492
<b>Utilities - 0.1%</b>				
50,000	Entergy Louisiana#	5.56	09/01/15	48,890
Total Corporate Bonds (Cost \$673,148)				<b>660,071</b>
<b>Real Estate Investment Trust - 0.4%</b>				
65,000	Equity One, Inc.	5.38	10/15/15	63,897
60,000	Health Care Property Investors, Inc.	4.88	09/15/10	59,144
60,000	New Plan Excel Realty Trust	5.13	09/15/12	59,226
Total Real Estate Investment Trust (Cost \$184,358)				<b>182,267</b>
<b>US Government and Agency Obligations - 10.9%</b>				
<b>Mortgage Backed Securities - 0.6%</b>				
74,513	FHLMC Pool # 1L0113 +	5.62	05/01/35	75,599
107,457	FNMA Pool # 673743 +	5.13	11/01/32	107,744
85,816	GNMA Pool # 80610 +	4.38	06/20/32	86,441
				269,784
<b>US Treasury Securities - 10.3%</b>				
118,000	US Treasury Bond	8.13	08/15/19	161,139
212,000	US Treasury Bond	6.13	11/15/27	255,866
2,879,000	US Treasury Note	3.13	09/15/08	2,795,780
1,089,000	US Treasury Note	3.88	05/15/10	1,073,559
497,000	US Treasury Note	4.25	11/15/14	493,603
				4,779,947
Total US Government and Agency Obligations (Cost \$5,052,079)				<b>5,049,731</b>
<b>Total Fixed-Income Securities (Cost \$8,102,735)</b>				<b>8,084,237</b>
<u>Number of Contracts</u>		<u>Strike Price</u>	<u>Expiration Date</u>	
<b>Put Options Purchased - 0.1%</b>				
36	Dell, Inc.	30.00	01/21/08	7,920
16	DR Horton, Inc.	30.00	01/21/08	7,360
7	Hovnanian Enterprises, Inc.	50.00	01/21/08	6,895
16	Lennar Corp.	60.00	01/21/08	9,440
16	Ryland Group, Inc.	60.00	01/21/08	14,320
Total Put Options Purchased (Premiums Paid \$46,903)				<b>45,935</b>

See Notes to Financial Statements.

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**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2005

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<u>Principal</u>	<u>Security Description</u>	<u>Value</u>
<b>Short-Term Investment - 38.6%</b>		
<b>Money Market Deposit Account - 38.6%</b>		
\$17,938,366	Citibank Money Market Deposit Account (Cost \$17,938,366)	<b>\$17,938,366</b>
<b>Total Long Positions - 97.3% (Cost \$45,243,293) *</b>		
	Other Assets & Liabilities, Net - 2.7%	<b>1,235,058</b>
<b>Net Assets - 100.0%</b>		
		<b>\$46,512,006</b>

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ADR American Depositary Receipt.

FHLMC Federal Home Loan Mortgage Corporation.

FNMA Federal National Mortgage Association.

MTN Medium-term Note.

† Non-income producing security.

∇ Security is currently in default on scheduled interest or principal payments.

⊗ Security exempt from registration under Rule 144A under the Securities Act of 1933. As of September 30, 2005, the value of this security amounted to \$126,743 or 0.3% of net assets.

± Zero coupon bond. Interest rate presented is yield to maturity.

+ Variable rate security.

~ Debt obligation initially issued at one coupon rate which converts to a higher coupon rate at a specified date. The rate shown is the rate at period end.

# All or a portion of this security is held as collateral for securities sold short.

⊕ Affiliated due to Loomis, Sayles &amp; Company, L.P. being a sub-adviser of the Fund. For the period ended September 30, 2005, purchases of the Loomis Sayles Investment Grade Fixed Income Fund and dividend income earned totaled \$2,063,399 and \$13,399, respectively.

\* Cost for Federal income tax purposes is substantially the same as for financial statement purposes and net unrealized appreciation (depreciation) consists of:

Gross Unrealized Appreciation	\$ 658,568
Gross Unrealized Depreciation	(624,913)
Net Unrealized Appreciation (Depreciation)	<u>\$ 33,655</u>

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**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF SECURITIES SOLD SHORT

SEPTEMBER 30, 2005

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<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
<b>Securities Sold Short - (24.0)%</b>		
<b>Common Stock - (23.8)%</b>		
<b>Consumer Discretionary - (7.1)%</b>		
(3,400)	Accenture, Ltd., Class A	\$ (86,564)
(755)	Aeropostale, Inc.	(16,044)
(1,235)	American Axle & Manufacturing Holdings, Inc.	(28,504)
(2,625)	Apollo Group, Inc. Class A	(174,273)
(100)	Beazer Homes USA, Inc.	(5,867)
(1,850)	Bed Bath & Beyond, Inc.	(74,333)
(850)	Best Buy Co., Inc.	(37,000)
(3,285)	Big Lots, Inc.	(36,102)
(2,050)	Career Education Corp.	(72,898)
(1,285)	Carmax, Inc.	(40,182)
(4,650)	Cendant Corp.	(95,976)
(660)	Centex Corp.	(42,623)
(960)	Cheesecake Factory	(29,990)
(390)	Cintas Corp.	(16,009)
(141)	Citadel Broadcasting Corp.	(1,936)
(1,115)	Clear Channel Communications, Inc.	(36,672)
(1,355)	Cost Plus, Inc.	(24,593)
(1,410)	Cumulus Media, Inc., Class A	(17,611)
(985)	CVS Corp.	(28,575)
(1,200)	DeVry, Inc.	(22,860)
(685)	Dick's Sporting Goods, Inc.	(20,625)
(1,550)	Dow Jones & Co., Inc.	(59,194)
(200)	DR Horton, Inc.	(7,244)
(820)	DSW, Inc. Class A	(17,384)
(2,400)	EchoStar Communications Corp., Class A	(70,968)
(2,470)	EW Scripps Co., Class A	(123,426)
(705)	Fastenal Co.	(43,069)
(4,993)	Ford Motor Co.	(49,231)
(1,180)	Fred's, Inc.	(14,762)
(3,150)	H&R Block, Inc.	(75,537)
(3,450)	Harley-Davidson, Inc.	(167,118)
(325)	Harrah's Entertainment, Inc.	(21,187)
(755)	Hewitt Associates, Inc., Class A	(20,596)
(1,675)	HOT Topic, Inc.	(25,728)
(200)	Hovnanian Enterprises, Inc., Class A	(10,240)
(5,550)	International Game Technology	(149,850)
(2,155)	Interpublic Group of Cos., Inc.	(25,084)
(595)	Iron Mountain, Inc.	(21,836)
(2,250)	JetBlue Airways Corp.	(39,600)
(1,175)	Jones Apparel Group, Inc.	(33,487)
(100)	KB Home	(7,320)
(705)	Kellwood Co.	(18,224)
(1,770)	Knight Ridder, Inc.	(103,864)
(695)	Kohl's Corp.	(34,875)
(660)	Laureate Education, Inc.	(32,320)
(200)	Lennar Corp., Class A	(11,952)
(415)	Lowe's Cos., Inc.	(26,726)
(100)	MDC Holdings, Inc.	(7,889)
(570)	Mohawk Industries, Inc.	(45,742)
(1,900)	Navistar International Corp.	(61,617)

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**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF SECURITIES SOLD SHORT

SEPTEMBER 30, 2005

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<b>Shares</b>	<b>Security Description</b>	<b>Value</b>
(180)	New York Times Co., Class A	\$ (5,355)
(3,050)	Newell Rubbermaid, Inc.	(69,082)
(2,815)	News Corp., Class A	(43,886)
(395)	Outback Steakhouse, Inc.	(14,457)
(2,300)	Paychex, Inc.	(85,284)
(1,685)	PEP Boys-Manny Moe & Jack	(23,320)
(2,550)	Petco Animal Supplies, Inc.	(53,958)
(2,350)	Petsmart, Inc.	(51,183)
(100)	Pulte Homes, Inc.	(4,292)
(2,450)	RadioShack Corp.	(60,760)
(855)	Regal Entertainment Group, Class A	(17,134)
(565)	Regis Corp.	(21,368)
(2,800)	Ross Stores, Inc.	(66,360)
(1,035)	Ruby Tuesday, Inc.	(22,522)
(600)	Ryland Group, Inc.	(41,052)
(130)	Sears Holdings Corp.	(16,175)
(955)	Select Comfort Corp.	(19,081)
(1,150)	Sharper Image Corp.	(14,490)
(2,720)	Southwest Airlines Co.	(40,392)
(200)	Standard-Pacific Corp.	(8,302)
(5,410)	TJX Cos., Inc.	(110,797)
(200)	Toll Brothers, Inc.	(8,934)
(840)	Univision Communications, Inc.	(22,285)
(970)	Walgreen Co.	(42,146)
(2,850)	Wal-Mart Stores Inc.	(124,887)
(855)	West Marine, Inc.	(12,637)
(770)	Williams-Sonoma, Inc.	(29,529)
(1,080)	Winnebago Industries	(31,288)
(760)	Wynn Resorts, Ltd.	(34,314)
		<hr/> (3,330,577)
<b>Consumer Staples - (1.8)%</b>		
(805)	Anheuser-Busch Cos., Inc.	(34,647)
(1,250)	Avery Dennison Corp.	(65,487)
(580)	Bunge, Ltd.	(30,520)
(865)	Colgate-Palmolive Co.	(45,663)
(755)	Cott Corp.	(13,364)
(2,300)	Estee Lauder Cos., Inc.	(80,109)
(1,010)	Fossil, Inc.	(18,372)
(1,080)	Helen of Troy, Ltd.	(22,291)
(1,750)	HJ Heinz Co.	(63,945)
(4,050)	Kroger Co.	(83,389)
(595)	Molson Coors Brewing Co., Class B	(38,086)
(425)	Monsanto Co.	(26,669)
(2,650)	Pepsi Bottling Group, Inc.	(75,657)
(1,010)	PepsiCo, Inc.	(57,277)
(4,050)	Sara Lee Corp.	(76,747)
(1,270)	Sysco Corp.	(39,840)
(750)	United Natural Foods, Inc.	(26,520)
(765)	WM Wrigley Jr. Co.	(54,988)
		<hr/> (853,571)

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**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF SECURITIES SOLD SHORT

SEPTEMBER 30, 2005

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<b>Shares</b>	<b>Security Description</b>	<b>Value</b>
<b>Energy - (1.0)%</b>		
(145)	Amerada Hess Corp.	\$ (19,937)
(195)	Apache Corp.	(14,668)
(690)	BJ Services Co.	(24,833)
(905)	Brigham Exploration Co.	(11,629)
(876)	Cal Dive International, Inc.	(55,547)
(465)	CARBO Ceramics, Inc.	(30,685)
(1,244)	Chesapeake Energy Corp.	(47,583)
(650)	Chevron Corp.	(42,075)
(415)	Diamond Offshore Drilling, Inc.	(25,419)
(260)	EOG Resources, Inc.	(19,474)
(520)	Equitable Resources, Inc.	(20,311)
(780)	Exxon Mobil Corp.	(49,561)
(1,245)	Hanover Compressor Co.	(17,256)
(605)	Royal Dutch Shell plc ADR, Class A	(39,712)
(380)	Smith International, Inc.	(12,658)
(560)	Superior Energy Services	(12,930)
(300)	Transocean, Inc.	(18,393)
		<hr/>
		(462,671)
<b>Financials - (2.5)%</b>		
(4,694)	American Equity Investment Life Holding Company	(53,277)
(500)	Aon Corp.	(16,040)
(2,100)	Arthur J Gallagher & Co.	(60,501)
(799)	CapitalSource, Inc.	(17,418)
(655)	CIT Group, Inc.	(29,593)
(1,150)	Citigroup, Inc.	(52,348)
(325)	Countrywide Financial Corp.	(10,719)
(540)	Credit Suisse Group	(24,019)
(2,750)	East West Bancorp, Inc.	(93,610)
(580)	Fannie Mae	(25,996)
(2,450)	Federated Investors, Inc.	(81,414)
(1,190)	Fifth Third Bancorp	(43,709)
(745)	First Horizon National Corp.	(27,081)
(425)	Freddie Mac	(23,996)
(6,400)	Hudson City Bancorp, Inc.	(76,160)
(2,150)	Investors Financial Services Corp.	(70,735)
(2,720)	Janus Capital Group, Inc.	(39,304)
(755)	MCG Capital Corp.	(12,737)
(295)	Merrill Lynch & Co., Inc.	(18,098)
(1,180)	New York Community Bancorp, Inc.	(19,352)
(705)	North Fork Bancorporation, Inc.	(17,977)
(580)	People's Bank	(16,808)
(225)	PNC Financial Services Group, Inc.	(13,054)
(375)	PrivateBancorp, Inc.	(12,855)
(540)	Regions Financial Corp.	(16,805)
(395)	SLM Corp.	(21,188)
(625)	South Financial Group, Inc.	(16,775)
(3,000)	TCF Financial Corp.	(80,250)
(490)	Wachovia Corp.	(23,319)
(550)	Washington Federal, Inc.	(12,408)
(765)	Webster Financial Corp.	(34,394)
(290)	Wells Fargo & Co.	(16,985)
(2,450)	Willis Group Holdings, Ltd.	(91,998)
		<hr/>
		(1,170,923)

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**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF SECURITIES SOLD SHORT

SEPTEMBER 30, 2005

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<b>Shares</b>	<b>Security Description</b>	<b>Value</b>
<b>Health Care - (2.6)%</b>		
(3,744)	Abgenix, Inc.	\$ (47,474)
(2,665)	Advanced Medical Optics, Inc.	(101,137)
(1,000)	Allergan, Inc.	(91,620)
(235)	Beckman Coulter, Inc.	(12,685)
(415)	Biomet, Inc.	(14,405)
(3,300)	Boston Scientific Corp.	(77,121)
(275)	Cooper Cos., Inc.	(21,068)
(945)	Cytoc Corp.	(25,373)
(1,010)	Eli Lilly & Co.	(54,055)
(1,400)	Forest Laboratories, Inc.	(54,558)
(2,160)	Gen-Probe, Inc.	(106,812)
(815)	Health Management Associates, Inc.	(19,128)
(395)	Hillenbrand Industries, Inc.	(18,585)
(2,523)	Human Genome Sciences, Inc.	(34,288)
(2,450)	ImClone Systems, Inc.	(77,052)
(590)	IVAX Corp.	(15,552)
(910)	Par Pharmaceutical Cos., Inc.	(24,224)
(510)	Patterson Cos., Inc.	(20,415)
(855)	Sanofi-Aventis ADR	(35,525)
(1,600)	Sepracor, Inc.	(94,384)
(1,960)	Smith & Nephew plc ADR	(83,222)
(655)	Stryker Corp.	(32,377)
(1,195)	Taro Pharmaceuticals Industries, Ltd.	(30,747)
(4,250)	Valeant Pharmaceuticals International	(85,340)
(845)	VCA Antech, Inc.	(21,564)
		<hr/>
		(1,198,711)
<b>Industrials - (2.5)%</b>		
(1,270)	3M Co.	(93,167)
(975)	Acuity Brands, Inc.	(28,928)
(4,003)	Allied Waste Industries, Inc.	(33,825)
(1,190)	AU Optronics Corp. ADR	(15,422)
(2,100)	Ball Corp.	(77,154)
(965)	Bemis Co.	(23,836)
(1,075)	Briggs & Stratton Corp.	(37,184)
(750)	Crane Co.	(22,305)
(520)	Donaldson Co., Inc.	(15,876)
(2,110)	Expeditors International Washington, Inc.	(119,806)
(955)	Federal Signal Corp.	(16,321)
(590)	Fisher Scientific International, Inc.	(36,610)
(245)	Fluor Corp.	(15,773)
(1,555)	General Electric Co.	(52,357)
(5,765)	Gentex Corp	(100,311)
(1,095)	Greatbatch, Inc.	(30,047)
(360)	Illinois Tool Works, Inc.	(29,639)
(4,450)	JB Hunt Transport Services, Inc.	(84,595)
(460)	Knight Transportation, Inc.	(11,206)
(700)	Molex, Inc.	(18,676)
(574)	NCI Building Systems, Inc.	(23,413)
(515)	Packaging Corp. of America	(9,996)
(460)	Siemens AG ADR	(35,572)
(335)	Union Pacific Corp.	(24,020)

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**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF SECURITIES SOLD SHORT

SEPTEMBER 30, 2005

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<b>Shares</b>	<b>Security Description</b>	<b>Value</b>
(703)	Vishay Intertechnology, Inc.	\$ (8,401)
(2,050)	Waters Corp.	(85,280)
(1,485)	Worthington Industries	(31,230)
(1,750)	Zebra Technologies Corp.	(68,408)
		<hr/>
		(1,149,358)
<b>Information Technology - (3.0)%</b>		
(4,900)	Acxiom Corp.	(91,728)
(3,460)	Amazon.Com, Inc.	(156,738)
(4,850)	ASML Holding NV	(80,074)
(1,555)	ATI Technologies, Inc.	(21,677)
(1,015)	Ceridian Corp.	(21,061)
(2,050)	Certegy, Inc.	(82,041)
(725)	Computer Associates International, Inc.	(20,162)
(2,500)	eBay, Inc.	(103,000)
(695)	Electronic Arts, Inc.	(39,539)
(855)	First Data Corp.	(34,200)
(2,950)	IMS Health, Inc.	(74,252)
(1,425)	InPhonic, Inc.	(19,594)
(980)	Intersil Corp., Class A	(21,344)
(1,200)	Lexmark International, Inc., Class A	(73,260)
(1,750)	Linear Technology Corp.	(65,782)
(1,450)	Maxim Integrated Products, Inc.	(61,843)
(3,500)	Micron Technology, Inc.	(46,550)
(3,650)	National Instruments Corp.	(89,936)
(6,051)	ON Semiconductor Corp.	(31,284)
(2,850)	Reynolds & Reynolds Co.	(78,119)
(4,400)	Symantec Corp.	(99,704)
(2,600)	Xilinx, Inc.	(72,410)
		<hr/>
		(1,384,298)
<b>Materials - (2.1)%</b>		
(395)	Airgas, Inc.	(11,704)
(915)	Alcoa, Inc.	(22,344)
(2,836)	Apex Silver Mines, Ltd.	(44,554)
(1,060)	Barrick Gold Corp.	(30,793)
(310)	BHP Billiton, Ltd. ADR	(10,596)
(360)	Bowater, Inc.	(10,177)
(1,380)	Celanese Corp.	(23,805)
(2,100)	Dow Chemical Co.	(87,507)
(935)	Ecolab, Inc.	(29,855)
(1,310)	E. I. du Pont de Nemours and Co.	(51,313)
(2,352)	Freeport-McMoRan Copper & Gold, Class B	(114,283)
(2,800)	Georgia-Pacific Corp.	(95,368)
(590)	Lubrizol Corp.	(25,565)
(950)	Lyondell Chemical Co.	(27,189)
(335)	Newmont Mining Corp.	(15,802)
(1,045)	RPM International, Inc.	(19,228)
(3,896)	Ryerson Tull, Inc.	(82,985)
(435)	Sigma-Aldrich Corp.	(27,866)
(1,340)	Smurfit-Stone Container Corp.	(13,882)
(1,850)	Southern Peru Copper Corp.	(103,526)
(565)	Spartech Corp.	(11,040)
(667)	Terra Industries, Inc.	(4,436)
(2,100)	United States Steel Corp.	(88,935)
(1,120)	Valspar Corp.	(25,043)
		<hr/>
		(977,796)

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**ABSOLUTE STRATEGIES FUND**

## SCHEDULE OF SECURITIES SOLD SHORT

SEPTEMBER 30, 2005

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<b>Shares</b>	<b>Security Description</b>		<b>Value</b>
<b>Telecommunications - (0.5)%</b>			
(1,150)	BellSouth Corp.		\$ (30,245)
(2,450)	Foundry Networks, Inc.		(31,115)
(4,300)	Millicom International Cellular SA		(79,206)
(1,245)	Novatel Wireless, Inc.		(18,015)
(1,590)	SBC Communications, Inc.		(38,112)
(695)	Telephone & Data Systems, Inc.		(27,105)
			<hr/> (223,798)
<b>Utilities - (0.7)%</b>			
(615)	AGL Resources, Inc.		(22,823)
(310)	Ameren Corp.		(16,582)
(440)	Aqua America, Inc.		(16,729)
(605)	CMS Energy Corp.		(9,952)
(335)	Consolidated Edison, Inc.		(16,264)
(240)	Dominion Resources, Inc.		(20,674)
(590)	FPL Group, Inc.		(28,084)
(395)	Hawaiian Electric Industries Inc.		(11,013)
(680)	KeySpan Corp.		(25,010)
(590)	MDU Resources Group, Inc.		(21,034)
(900)	Northeast Utilities		(17,955)
(385)	Peoples Energy Corp.		(15,161)
(390)	Pinnacle West Capital Corp.		(17,191)
(2,055)	Reliant Energy, Inc.		(31,729)
(1,315)	Southern Co.		(47,024)
			<hr/> (317,225)
Total Common Stock (Cost \$11,344,818)			<b>(11,068,928)</b>
<b>Real Estate Investment Trust - (0.2)%</b>			
(395)	Duke Realty Corp.		(13,383)
(415)	Equity Residential		(15,708)
(325)	Healthcare Realty Trust, Inc.		(13,046)
(280)	Hospitality Properties Trust		(12,001)
(215)	Simon Property Group, Inc.		(15,936)
(315)	Taubman Centers, Inc.		(9,986)
(1,085)	United Dominion Realty Trust, Inc.		(25,715)
			<hr/> (105,775)
Total Real Estate Investment Trust (Cost \$108,554)			<b>(105,775)</b>
<b>Total Securities Sold Short - (24.0)% (Cost \$11,453,372)</b>			<b>(11,174,703)</b>
<b>Number of Contracts</b>		<b>Strike Price</b>	<b>Expiration Date</b>
<b>Call Options Written - (0.2)%</b>			
(24)	Dell, Inc.	30.00	01/21/08 (21,360)
(12)	DR Horton, Inc.	30.00	01/21/08 (15,300)
(5)	Hovnanian Enterprises, Inc.	50.00	01/21/08 (7,650)
(12)	Lennar Corp.	60.00	01/21/08 (22,740)
(12)	Ryland Group, Inc.	60.00	01/21/08 (26,400)
			<hr/> (93,450)
Total Call Options Written (Premiums Received \$92,635)			<b>(93,450)</b>
Other Assets & Liabilities, Net - 124.2%			57,780,159
<b>Net Assets - 100.0%</b>			<b>\$ 46,512,006</b>

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ADR American Depositary Receipt.

**ABSOLUTE STRATEGIES FUND**  
 PORTFOLIO HOLDINGS SUMMARY  
 SEPTEMBER 30, 2005

Portfolio Breakdown (% of Net Assets)	
Long Positions	
Equities	41.29%
Fixed Income Securities	17.39%
Options	0.10%
Short-Term Investments	38.57%
Short Positions	
Equities	-24.03%
Options	-0.20%
Other Assets less Liabilities	26.88%*
	100.00%

\* Consists of deposits with the custodian for securities sold short, cash, prepaid expenses, receivables, payables, and accrued liabilities. Deposits with the custodian for securities sold short represent 16.17% of net assets. See Note 2.

Sector Breakdown	% of Equity Holdings	
	Long	Short
Consumer Discretionary	2.68%	30.09%
Consumer Staples	25.15%	7.71%
Energy	10.28%	4.18%
Financials	15.95%	10.58%
Health Care	10.91%	10.83%
Industrials	13.07%	10.38%
Information Technology	9.02%	12.51%
Materials	3.23%	8.83%
Telecommunications	2.73%	2.02%
Utilities	6.98%	2.87%
	100.00%	100.00%

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**ABSOLUTE STRATEGIES FUND**

## STATEMENT OF ASSETS AND LIABILITIES

SEPTEMBER 30, 2005

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**ASSETS**

Total investments, at value (Cost \$43,179,894)	\$43,220,325
Total investments in affiliates, at value (Cost \$2,063,399)	2,056,623
Deposits with custodian for securities sold short	7,522,206
Cash	4,963,737
Receivables:	
Fund shares sold	437,449
Investment securities sold	307,485
Interest and dividends	154,270
From investment adviser	24,266
Prepaid expenses	628
	<hr/>
Total Assets	58,686,989

**LIABILITIES**

Payables:	
Securities sold short, at value (Cost \$11,453,372)	11,174,703
Call options written, at value (Premiums received \$92,635)	93,450
Investment securities purchased	687,591
Fund shares redeemed	19,382
Dividends	63,732
Accrued liabilities:	
Investment adviser fees	38,342
Trustees' fees and expenses	377
Compliance services fees	3,666
Other expenses	93,740
	<hr/>
Total Liabilities	12,174,983

**NET ASSETS**\$46,512,006**COMPONENTS OF NET ASSETS**

Paid-in capital	\$46,250,620
Accumulated undistributed (distributions in excess of) net investment income	16,454
Net realized gain (loss)	(66,577)
Net unrealized appreciation (depreciation)	311,509
	<hr/>

**NET ASSETS**\$46,512,006**SHARES OF BENEFICIAL INTEREST (UNLIMITED SHARES AUTHORIZED)**

Institutional Shares	792,026
A Shares	3,832,213

**NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE**

Institutional Shares (based on net assets of \$7,967,097)	\$ 10.06
A Shares (based on net assets of \$38,544,909)	\$ 10.06
A Shares Maximum Public Offering Price Per Share (net asset value per share / 95.50%)	\$ 10.53

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**ABSOLUTE STRATEGIES FUND**

STATEMENT OF OPERATIONS

PERIOD ENDED SEPTEMBER 30, 2005

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**INVESTMENT INCOME**

Interest income	\$ 88,086
Dividend income (net foreign withholding taxes of \$87)	162,705
Dividend income from affiliated investment	13,399
Total Investment Income	<u>264,190</u>

**EXPENSES**

Investment adviser fees	120,379
Administrator fees	23,727
Distribution fees:	
A Shares	16,120
Transfer agency fees:	
Institutional Shares	624
A Shares	2,922
Custodian fees	8,881
Registration fees	112
Professional fees	16,711
Trustees' fees and expenses	377
Compliance services fees	6,709
Organizational costs	13,391
Offering costs	25,387
Dividend expense on securities sold short	22,578
Miscellaneous expenses	7,020
Total Expenses	<u>264,938</u>
Fees waived and expenses reimbursed	(80,934)
Net Expenses	<u>184,004</u>

**NET INVESTMENT INCOME (LOSS)** 80,186

**NET REALIZED AND UNREALIZED GAIN (LOSS)**

Net realized gain (loss) on:	
Investments	(43,048)
Securities sold short	(23,529)
Net realized gain (loss)	<u>(66,577)</u>
Net unrealized gain (loss) on:	
Investments	31,872
Securities sold short	277,854
Options	1,783
Net change in unrealized appreciation (depreciation)	<u>311,509</u>

**NET REALIZED AND UNREALIZED GAIN (LOSS)** 244,932

**INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS** \$325,118

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**ABSOLUTE STRATEGIES FUND**STATEMENT OF CHANGES IN NET ASSETS

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**July 11, 2005 (a)  
through  
September 30, 2005****OPERATIONS**

Net investment income (loss)	\$ 80,186
Net realized gain (loss)	(66,577)
Net change in unrealized appreciation (depreciation)	311,509
Increase (Decrease) in Net Assets from Operations	<u>325,118</u>

**DISTRIBUTIONS TO SHAREHOLDERS FROM**

Net investment income:	
Institutional Shares	(14,795)
A Shares	(48,937)
Total Distributions to Shareholders	<u>(63,732)</u>

**CAPITAL SHARE TRANSACTIONS**

Sale of shares:	
Institutional Shares	8,167,038
A Shares	38,459,196
Redemption of shares:	
Institutional Shares	(244,700)
A Shares	(135,781)
Redemption fees:	
Institutional Shares	1,445
A Shares	3,422
Increase (Decrease) from Capital Share Transactions	<u>46,250,620</u>
Increase (Decrease) in Net Assets	<u>46,512,006</u>

**NET ASSETS**

Beginning of period	-
End of period (b)	<u>\$46,512,006</u>

**SHARE TRANSACTIONS**

Sale of shares:	
Institutional Shares	816,433
A Shares	3,845,722
Redemption of shares:	
Institutional Shares	(24,407)
A Shares	(13,509)
Increase (Decrease) in Shares	<u>4,624,239</u>
(a) Commencement of operations	
(b) Accumulated undistributed (distributions in excess of) net investment income	<u>\$ 16,454</u>

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**ABSOLUTE STRATEGIES FUND**FINANCIAL HIGHLIGHTS

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These financial highlights reflect selected data for a share outstanding throughout each period.

	<b>July 11, 2005 (a) through September 30, 2005</b>
<b>INSTITUTIONAL SHARES</b>	
<b>NET ASSET VALUE, Beginning of Year</b>	\$ <u>10.00</u>
<b>INVESTMENT OPERATIONS</b>	
Net investment income (loss) (b)	0.03
Net realized and unrealized gain (loss)	<u>0.05</u>
Total from Investment Operations	<u>0.08</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>	
Net investment income	<u>(0.02)</u>
Total Distributions to Shareholders	<u>(0.02)</u>
<b>REDEMPTION FEES (b)</b>	<u>- (c)</u>
<b>NET ASSET VALUE, End of Year</b>	\$ <u><u>10.06</u></u>
<b>TOTAL RETURN (d)</b>	0.79%
<b>RATIOS/SUPPLEMENTARY DATA</b>	
Net Assets at End of Period (000's omitted)	\$ 7,967
Ratios to Average Net Assets (f):	
Net investment income (loss)	1.42%
Net expenses (including short sale dividend expenses)	2.23%
Net expenses (excluding short sale dividend expenses)	1.93%
Gross expenses (including short sale dividend expenses) (g)	3.41%
Gross expenses (excluding short sale dividend expenses) (g)	3.05%
<b>PORTFOLIO TURNOVER RATE (d)</b>	14%

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**ABSOLUTE STRATEGIES FUND**FINANCIAL HIGHLIGHTS

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**July 11, 2005 (a)  
through  
September 30, 2005****A SHARES****NET ASSET VALUE, Beginning of Year**\$ 10.00**INVESTMENT OPERATIONS**

Net investment income (loss) (b)

0.02

Net realized and unrealized gain (loss)

0.05

Total from Investment Operations

0.07**DISTRIBUTIONS TO SHAREHOLDERS FROM**

Net investment income

(0.01)

Total Distributions to Shareholders

(0.01)**REDEMPTION FEES (b)**- (c)**NET ASSET VALUE, End of Year**\$ 10.06**TOTAL RETURN (d) (e)**

0.73%

**RATIOS/SUPPLEMENTARY DATA**

Net Assets at End of Period (000's omitted)

\$38,545

Ratios to Average Net Assets (f):

Net investment income (loss)

1.01%

Net expenses (including short sale dividend expenses)

2.48%

Net expenses (excluding short sale dividend expenses)

2.19%

Gross expenses (including short sale dividend expenses) (g)

3.54%

Gross expenses (excluding short sale dividend expenses) (g)

3.25%

**PORTFOLIO TURNOVER RATE (d)**14%

(a) Commencement of operations.

(b) Calculated based on average shares outstanding during the period.

(c) Less than \$0.01 per share.

(d) Not annualized for periods less than one year.

(e) Total return excludes the effect of the applicable sales load.

(f) Annualized for periods less than one year.

(g) Reflects the expense ratio excluding any waivers and/or reimbursements.

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**ABSOLUTE STRATEGIES FUND**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

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**Note 1. Organization**

This report relates to the Absolute Strategies Fund (the “Fund”), a non-diversified series of Forum Funds (the “Trust”). The Trust is a Delaware statutory trust that is registered as an open-end, management investment company under the Investment Company Act of 1940, as amended. The Trust currently has twenty-seven investment portfolios. Under its Trust Instrument, the Trust is authorized to issue an unlimited number of the Fund’s shares of beneficial interest without par value. The Fund commenced operations on July 11, 2005. The Fund currently offers two classes of shares: Institutional Shares and A Shares. A Shares generally have a front-end sales charge. 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 Index. As a non-diversified fund, the Fund may focus its investments in the securities of a limited number of issuers.

**Note 2. Summary of Significant Accounting Policies**

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of increase and decrease in net assets from operations during the fiscal period. Actual amounts could differ from those estimates. The following summarizes the significant accounting policies of the Fund:

**Security Valuation** – Exchange traded securities and over-the-counter securities listed on the NASDAQ National Market System for which market quotations are readily available are valued using the last reported sales price or the NASDAQ Official Closing Price (“NOCP”), provided by independent pricing services as of the close of trading on the New York Stock Exchange (normally 4:00 p.m. Eastern time), on each Fund business day. In the absence of a sale or NOCP, these securities are valued at the mean of the last bid and asked price. Non-exchange traded securities for which quotations are available are generally valued at the mean between the current bid and asked prices provided by independent pricing services. Money market instruments that mature in sixty days or less may be valued at amortized cost. Debt securities may also be valued at prices supplied by the Fund’s pricing agents based on broker or dealer supplied valuations or matrix pricing, a method of valuing securities by reference to the value of other securities with similar characteristics, such as rating, interest rate and maturity.

The Fund values its investments at fair value pursuant to procedures adopted by the Trust’s Board of Trustees (the “Board”) if (1) market quotations are insufficient or not readily available or (2) the Adviser or a Sub-Adviser believes that the values available are unreliable.

**Security Transactions, Investment Income and Realized Gain and Loss** – Investment transactions are accounted for on trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned. All premium and discount is amortized and accreted in accordance with Generally Accepted

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**ABSOLUTE STRATEGIES FUND**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

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Accounting Principles. Identified cost of investments sold is used to determine gain and loss for both financial statement and Federal income tax purposes.

**Foreign Currencies** – Foreign currency amounts are translated into U.S. dollars as follows: (1) assets and liabilities at the rate of exchange at the end of the reporting period; and (2) purchases and sales of securities and income and expenses at the rate of exchange prevailing on the dates of such transactions. The portion of the results of operations arising from changes in the exchange rates and the portion due to fluctuations arising from changes in the market prices of securities are not isolated. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

**Securities Sold Short** – The Fund may sell a security short to increase investment returns. The Fund may also sell a security short in anticipation of a decline in the market value of a security. A short sale is a transaction in which the Fund sells a security that it does not own. To complete the transaction, the Fund must borrow the security in order to deliver it to the buyer. The Fund must replace the borrowed security by purchasing it at market price at the time of replacement, which price may be higher or lower than the price at which the Fund sold the security. The Fund incurs a loss from a short sale if the price of the security increases between the date of the short sale and the date on which the Fund replaces the borrowed security. The Fund realizes a profit if the price of the security declines between those dates.

Until the Fund replaces the borrowed security, the Fund will maintain a segregated account with the custodian, in cash and long securities to sufficiently cover its short position on a daily basis. The collateral for the securities sold short includes the Deposits with custodian for securities sold short as shown on the Statement of Assets and Liabilities and the securities held long as shown on the Schedule of Investments. Dividends paid on securities sold short are recorded as an expense on the Fund's records.

**Options** – When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current value of the option written. Premiums received from writing options that expire unexercised are treated by the Fund on the expiration date as realized gain from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Fund has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option.

When the Fund purchases an option, an amount equal to the premium paid by the Fund is recorded as an investment and is subsequently adjusted to the current value of the option purchased. If an option expires on the stipulated expiration date or if the Fund enters into a closing sale transaction, a gain or loss is realized. If a call option is exercised, the cost of the security acquired is increased by the premium paid for the call. If a put option is exercised, a gain or loss is realized from the sale of the underlying security, and the proceeds

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**ABSOLUTE STRATEGIES FUND**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

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from such sale are decreased by the premium originally paid. Written and purchased options are non-income producing securities.

**Restricted Securities** – The Fund may invest in securities that are subject to legal or contractual restrictions on resale (“restricted securities”). Restricted securities may be resold in transactions that are exempt from registration under the Federal securities laws or if the securities are registered to the public. The sale or other disposition of these securities may involve additional expenses and the prompt sale of these securities at an acceptable price may be difficult. Information regarding restricted securities held by the Fund is included in the Schedule of Investments.

**Distributions to Shareholders** – Distributions to shareholders of net investment income, if any, are declared and paid at least semi-annually. Distributions to shareholders of net capital gains, if any, are declared and paid at least annually. Distributions are based on amounts calculated in accordance with applicable Federal income tax regulations, which may differ from accounting principles, generally accepted in the United States of America. These differences are due primarily to differing treatments of income and gain on various investment securities held by the Fund, timing differences and differing characterizations of distributions made by the Fund.

**Federal Taxes** – The Fund intends to qualify each year as a regulated investment company and distribute all its taxable income. In addition, by distributing in each calendar year substantially all its net investment income, capital gains and certain other amounts, if any, the Fund will not be subject to a Federal excise tax. Therefore, no Federal income or excise tax provision is required.

**Expense Allocation** – The Trust accounts separately for the assets, liabilities and operations of each of its series. Expenses that are directly attributable to more than one fund are allocated among the respective series in proportion to each series’ average daily net assets.

Each share of each class of the Fund represents an undivided, proportionate interest in the Fund. The Fund’s class specific expenses include distribution fees, transfer agent fees, registration fees and certain expenses as determined by the Board.

Income and expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on the class’ respective net assets to the total net assets of the Fund.

**Organization Costs** – Organization costs for the Fund of \$13,391 consist of certain startup legal costs which were expensed at the Fund’s inception.

**Offering Costs** – Offering costs for the Fund of \$25,387 consist of fees related to the mailing and printing of the initial prospectus, certain startup legal costs, and initial registration filings. Such costs are amortized over a twelve-month period beginning with the commencement of operations of the Fund.

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**ABSOLUTE STRATEGIES FUND**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

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**Redemption Fees** – A shareholder who redeems or exchanges shares within 60 days of purchase will incur a redemption fee of 1.50% of the current net asset value of shares redeemed or exchanged, subject to certain limitations. The fee is charged for the benefit of the remaining shareholders and will be paid to the Fund to help offset transaction costs. To calculate redemption fees, the Fund uses the first-in, first-out method to determine the holding period. Under this method, the date of redemption is compared with the earliest purchase date of shares held in the account. The fee is accounted for as an addition to paid-in capital. The Fund reserves the right to modify the terms of or terminate the fee at any time. There are limited exceptions to the imposition of the redemption fee. The Fund collected \$4,867 in redemption fees during the period ended September 30, 2005.

**Note 3. Advisory Fees and Other Transactions**

**Investment Adviser** – Absolute Investment Advisers LLC, (the “Adviser”) is the investment adviser to the Fund. Pursuant to an investment advisory agreement, the Adviser receives an advisory fee from the Fund at an annual rate of 1.60% of the Fund’s average daily net assets.

Subject to the general control of the Board and the Adviser, the following sub-advisers (each a “Sub-Adviser” and collectively the “Sub-Advisers”) make the investment decisions for the Fund:

Aronson+Johnson+Ortiz, LP	Metropolitan West Asset Management, LLC
Bernzott Capital Advisors	Moody Aldrich Partners, LLC
Contravisory Research & Management Corp.	Scout Investment Advisors, Inc.
Grantham, Mayo, Van Otterloo & Co. LLC	SSI Investment Management, Inc.
Horizon Asset Management, Inc.	TT International Investment Management
Kinetics Asset Management, Inc.	TWIN Capital Management, Inc.
Loomis, Sayles & Company, L.P.	Yacktman Asset Management Co.

The sub-advisory fee, calculated as a percentage of the Fund’s average daily net assets, is paid by the Adviser.

**Investment Advisory and Sub-Advisory Agreement Approvals** – At the March 24, 2005 meeting of the Board, the Board, including the Independent Trustees, considered the initial approval of the investment advisory agreement pertaining to the Fund and the sub-advisory agreements between the Adviser and each of the sub-advisers.

In evaluating the investment advisory and sub-advisory agreements pertaining to the Fund, the Board reviewed materials furnished by the Adviser and each Sub-Adviser, including information regarding the Adviser and each Sub-Adviser, their personnel and operations, as well as materials provided by the Fund’s administrator. Among other information, the Board reviewed information regarding: (1) the nature, extent and quality of the services to be provided to the Fund by the Adviser and each Sub-Adviser, including information on the investment performance of each Sub-Adviser (at the time the Adviser and Fund were new and had no performance history); (2) the advisory fees charged and total expense ratios of the Fund compared to a relevant peer group of funds;

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**ABSOLUTE STRATEGIES FUND**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

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(3) the Adviser's financial condition and the profitability to the Adviser with respect to its relationship with the Fund; (4) the extent to which economies of scale would be realized as the Fund grows and whether the Adviser's advisory fee reflects these economies of scale; and (5) other benefits received by the Adviser, each Sub-Adviser and their affiliates from their relationship with the Fund. In considering the investment advisory and sub-advisory agreements, the Board, including the Independent Trustees, did not identify any single factor as all-important or controlling, and the following summary does not detail all the matters considered.

**The Adviser**

The Board met with representatives of the portfolio management team for the Fund and discussed the portfolio manager's approach to managing the Fund, including compliance oversight. Specifically, the Adviser noted that it will be directly responsible for establishing procedures to monitor each Sub-Adviser's compliance with the Fund's investment objectives and for recommending allocations and reallocations of Fund assets amongst the Sub-Advisers. The Board also discussed with senior management of the Adviser the adequacy of resources and the background and quality of the investment management team. The Board concluded, after meeting with representatives of the Adviser, that the Adviser possessed the fundamental resources necessary to meet its investment mandate. Additionally, the Board concluded that the Adviser had no systemic legal or compliance problems that would interfere with the Fund's management.

The Board considered the Fund's advisory fee and the Fund's total expense ratio as compared to its Lipper Inc. peer group of funds, noting that the Adviser's contractual advisory fee and total expense ratio was higher than the mean and median contractual fees and expenses for its Lipper Inc. peer groups. The Board recognized that it is difficult to make comparisons of investment advisory fees and expense ratios because there are variations in the services that are included in the fees paid by other funds. The Board viewed favorably the Adviser's willingness to contractually limit the total expense ratio of the Fund as set forth in the Fund's SAI, concluding that the advisory fee structure was fair and reasonable.

The Board also considered the financial condition of the Adviser. The Board concluded, based upon a review of the balance sheet, that the firm was sufficiently capitalized to remain economically viable during the coming year. The Board also considered whether the Fund would benefit from any economies of scale, noting that the investment advisory fee for the Fund does not contain breakpoints. The Board considered the size of the Fund and concluded that it would not be necessary to consider the implementation of fee breakpoints at least in the coming year. Finally, the Board considered the Adviser's strategy to market to firms in various channels including, broker/dealers, registered investment advisers, 401k providers and supermarket platforms. The Board also considered the Adviser's plans to launch a subscription offering through selected broker/dealers.

**The Sub-Advisers**

**Aronson+Johnson+Ortiz, LP** – The Board specifically considered the following as relevant to its approval of the sub-advisory agreement between the Adviser and Aronson+Johnson+Ortiz, LP:

- (1) the history, reputation, qualification and background of the Sub-Adviser, as well as the qualifications of its personnel;

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**ABSOLUTE STRATEGIES FUND**

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- (2) the nature, extent and quality of the services to be provided to the Fund by the Sub-Adviser;
- (3) a representation from the Sub-Adviser that the Sub-Adviser had not experienced any material code of ethics violations over the past twelve months;
- (4) the Sub-Adviser's representation that it had not experienced any material compliance matters or regulatory problems over the past year;
- (5) fees to be paid to the Sub-Adviser by the Adviser under the sub-advisory agreement are within the range of fees paid to the Sub-Adviser for sub-advisory services rendered to other U.S. mutual funds. The Board viewed favorably the fact that no fee would be payable to a Sub-Adviser with respect to that portion of allocated assets which are invested in registered, open-end management investment companies for which the Sub-Adviser serves as investment adviser or sub-adviser and for which the Sub-Adviser already receives a fee. The Board noted that the Adviser, not the Fund, will pay the Sub-Adviser for investment sub-advisory services rendered to the Fund; and
- (6) the Sub-Adviser's experience in providing advisory services to other U.S. based mutual funds.

**Bernzott Capital Advisors** – The Board specifically considered the following as relevant to its approval of the sub-advisory agreement between the Adviser and Bernzott Capital Advisors:

- (1) although the Fund is the first mutual fund managed by the Sub-Adviser, the Board viewed the history, reputation, qualification and background of the Sub-Adviser, as well as the qualifications of its personnel;
- (2) the nature, extent and quality of the services to be provided to the Fund by the Sub-Adviser;
- (3) the Sub-Adviser's representation that it had not experienced any material compliance matters or regulatory problems over the past year;
- (4) fees to be paid to the Sub-Adviser by the Adviser under the sub-advisory agreement are within the range of fees paid to the Sub-Adviser for sub-advisory services rendered to other U.S. mutual funds. The Board noted that the Adviser, not the Fund, will pay the Sub-Adviser for investment sub-advisory services rendered to the Fund;
- (5) the Sub-Adviser's trading policies and a representation from the Sub-Adviser that it does not engage in soft dollars practices;
- (6) the Sub-Adviser's years of experience in providing advisory services to institutions, foundations and endowments and its \$270 million of assets under management; and
- (7) the Sub-Adviser's representation that it has been profitable since 1994.

**Contravisory Research & Management Corp.** – The Board specifically considered the following as relevant to its approval of the sub-advisory agreement between the Adviser and Contravisory Research & Management Corp.:

- (1) although the Fund is the first mutual fund managed by the Sub-Adviser, the Board viewed the history, reputation, qualification and background of the Sub-Adviser, as well as the qualifications of its personnel;
- (2) the nature, extent and quality of the services to be provided to the Fund by the Sub-Adviser;

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- (3) the Sub-Adviser's representation that it had not experienced any material compliance matters or regulatory problems over the past year;
- (4) fees to be paid to the Sub-Adviser by the Adviser under the sub-advisory agreement are within the range of fees paid to the Sub-Adviser for sub-advisory services rendered to other U.S. mutual funds. The Board noted that the Adviser, not the Fund, will pay the Sub-Adviser for investment sub-advisory services rendered to the Fund; and
- (5) the Sub-Adviser's years of experience (since 1972) in providing advisory services to individuals, trusts, profit sharing plans and institutions and its \$250 million of assets under management.

**Grantham, Mayo, Van Otterloo & Co. LLC** – The Board specifically considered the following as relevant to its approval of the sub-advisory agreement between the Adviser and Grantham, Mayo, Van Otterloo & Co. LLC:

- (1) the favorable history, reputation, qualification and background of the Sub-Adviser, as well as the qualifications of its personnel;
- (2) the nature, extent and quality of the services to be provided to the Fund by the Sub-Adviser, specifically the investing of allocated assets in other mutual funds managed by the Sub-Adviser;
- (3) the Sub-Adviser's representation that it had not experienced any material compliance matters or regulatory problems over the past year;
- (4) fees to be paid to the Sub-Adviser by the Adviser under the sub-advisory agreement are within the range of fees paid to the Sub-Adviser for sub-advisory services rendered to other U.S. mutual funds. The Board viewed favorably the fact that no fee would be payable to a Sub-Adviser with respect to that portion of allocated assets which are invested in registered, open-end management investment companies for which the Sub-Adviser serves as investment adviser or sub-adviser and for which the Sub-Adviser already receives a fee. The Board noted that the Adviser, not the Fund, will pay the Sub-Adviser for investment sub-advisory services rendered to the Fund; and
- (5) the Sub-Adviser's experience in providing advisory services to other U.S. based mutual funds.

**Horizon Asset Management, Inc.** – The Board specifically considered the following as relevant to its approval of the sub-advisory agreement between the Adviser and Horizon Asset Management, Inc.:

- (1) the history, reputation, qualification and background of the Sub-Adviser, as well as the qualifications of its personnel;
- (2) the nature and quality of services to be provided to the Fund, including information provided by the Sub-Adviser regarding the background and responsibilities of the portfolio management and client service teams and its personnel responsible for monitoring the Fund's compliance with its investment objectives. The Board considered that the Fund was the first mutual fund to be managed by the Sub-Adviser;
- (3) the Sub-Adviser's representation that it had not experienced any material compliance matters or regulatory problems over the past year;
- (4) fees to be paid to the Sub-Adviser by the Adviser under the sub-advisory agreement are within the range of fees paid to the Sub-Adviser for sub-advisory services rendered to other U.S. mutual funds. The Board noted that the Adviser, not the Fund, will pay the Sub-Adviser for investment sub-advisory services rendered to the Fund; and

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**ABSOLUTE STRATEGIES FUND**

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- (5) the Sub-Adviser's years of experience in providing advisory services to institutional clients and high net worth individuals and its \$450 million of assets under management.

**Kinetics Asset Management, Inc.** – The Board specifically considered the following as relevant to its approval of the sub-advisory agreement between the Adviser and Kinetics Asset Management, Inc.:

- (1) the history, reputation, qualification and background of the Sub-Adviser, as well as the qualifications of its personnel;
- (2) the nature, extent and quality of the services to be provided to the Fund by the Sub-Adviser;
- (3) a representation from the Sub-Adviser that the Sub-Adviser had not experienced any material code of ethics violations over the past twelve months;
- (4) the Sub-Adviser's representation that it had not experienced any material compliance matters or regulatory problems over the past year;
- (5) fees to be paid to the Sub-Adviser by the Adviser under the sub-advisory agreement are within the range of fees paid to the Sub-Adviser for sub-advisory services rendered to other U.S. mutual funds. The Board noted that the Adviser, not the Fund, will pay the Sub-Adviser for investment sub-advisory services rendered to the Fund;
- (6) the Sub-Adviser's experience in providing advisory services to institutional accounts and high-net worth individuals and its \$1.7 billion of assets under management; and
- (7) the Sub-Adviser's experience in providing advisory services to other U.S. based mutual funds.

**Loomis, Sayles & Company, L.P.** – The Board specifically considered the following as relevant to its approval of the sub-advisory agreement between the Adviser and Loomis, Sayles & Company, L.P.:

- (1) the history, reputation, qualification and background of the Sub-Adviser, as well as the qualifications of its personnel;
- (2) the nature, extent and quality of the services to be provided to the Fund by the Sub-Adviser;
- (3) a representation from the Sub-Adviser that the Sub-Adviser had not experienced any material code of ethics violations over the past twelve months;
- (4) the Sub-Adviser's representation that it had not experienced any material compliance matters or regulatory problems over the past year;
- (5) fees to be paid to the Sub-Adviser by the Adviser under the sub-advisory agreement are within the range of fees paid to the Sub-Adviser for sub-advisory services rendered to other U.S. mutual funds. The Board viewed favorably the fact that no fee would be payable to a Sub-Adviser with respect to that portion of allocated assets which are invested in registered, open-end management investment companies for which the Sub-Adviser serves as investment adviser or sub-adviser and for which the Sub-Adviser already receives a fee. The Board noted that the Adviser, not the Fund, will pay the Sub-Adviser for investment sub-advisory services rendered to the Fund;
- (6) the Sub-Adviser's experience in providing advisory services to institutional accounts, high-net worth individuals and mutual funds and its \$63 billion of assets under management; and
- (7) the Sub-Adviser's experience in providing advisory services to other U.S. based mutual funds.

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**ABSOLUTE STRATEGIES FUND**

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**Metropolitan West Asset Management, LLC** – The Board specifically considered the following as relevant to its approval of the sub-advisory agreement between the Adviser and Metropolitan West Asset Management, LLC:

- (1) the favorable history, reputation, qualification and background of the Sub-Adviser, as well as the qualifications of its personnel and the financial condition of the Sub-Adviser;
- (2) the nature and quality of services to be provided to the Fund, including information provided by the Sub-Adviser regarding the background and responsibilities of the portfolio management and client service teams and its personnel responsible for monitoring the Fund's compliance with its investment objectives;
- (3) a representation from the Sub-Adviser that the Sub-Adviser had not experienced any material code of ethics violations over the past twelve months;
- (4) the Sub-Adviser's representation that it had not experienced any material compliance matters or regulatory problems over the past year;
- (5) fees to be paid to the Sub-Adviser by the Adviser under the sub-advisory agreement are within the range of fees paid to the Sub-Adviser for sub-advisory services rendered to other U.S. mutual funds. The Board noted that the Adviser, not the Fund, will pay the Sub-Adviser for investment sub-advisory services rendered to the Fund; and
- (6) the Sub-Adviser's years of experience in providing advisory services to mutual funds and its \$13 billion of assets under management.

**Moody Aldrich Partners, LLC** – The Board specifically considered the following as relevant to its approval of the sub-advisory agreement between the Adviser and Moody Aldrich Partners, LLC:

- (1) the history, reputation, qualification and background of the Sub-Adviser, as well as the qualifications of its personnel;
- (2) the nature, extent and quality of the services to be provided to the Fund by the Sub-Adviser, a first time adviser to mutual funds;
- (3) the Sub-Adviser's representation that it had not experienced any material compliance matters or regulatory problems over the past year;
- (4) fees to be paid to the Sub-Adviser by the Adviser under the sub-advisory agreement are within the range of fees paid to the Sub-Adviser for sub-advisory services rendered to other U.S. mutual funds. The Board noted that the Adviser, not the Fund, will pay the Sub-Adviser for investment sub-advisory services rendered to the Fund; and
- (5) the Sub-Adviser's experience in providing advisory services to institutional accounts and its \$190 million of assets under management.

**Scout Investment Advisors, Inc.** – The Board specifically considered the following as relevant to its approval of the sub-advisory agreement between the Adviser and Scout Investment Advisors, Inc.:

- (1) the history, reputation, qualification and background of the Sub-Adviser, as well as the qualifications of its personnel;
- (2) the nature, extent and quality of the services to be provided to the Fund by the Sub-Adviser;

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- (3) a representation from the Sub-Adviser that the Sub-Adviser had not experienced any material code of ethics violations over the past twelve months;
- (4) fees to be paid to the Sub-Adviser by the Adviser under the sub-advisory agreement are within the range of fees paid to the Sub-Adviser for sub-advisory services rendered to other U.S. mutual funds. The Board noted that the Adviser, not the Fund, will pay the Sub-Adviser for investment sub-advisory services rendered to the Fund;
- (5) the Sub-Adviser's experience in providing advisory services to individuals, foundations, endowments and trusts, corporations and public institutions and its \$7 billion of assets under management; and
- (6) the Sub-Adviser's experience in providing advisory services to other U.S. based mutual funds.

**SSI Investment Management, Inc.** – The Board specifically considered the following as relevant to its approval of the sub-advisory agreements between the Adviser and SSI Investment Management, Inc.:

- (1) the history, reputation, qualification and background of the Sub-Adviser, as well as the qualifications of its personnel;
- (2) the nature and quality of services to be provided to the Fund, including information provided by the Sub-Adviser regarding the background and responsibilities of the portfolio management;
- (3) a representation from the Sub-Adviser that the Sub-Adviser had not experienced any material code of ethics violations over the past twelve months;
- (4) the Sub-Adviser's representation that it had not experienced any material compliance matters or regulatory problems over the past year;
- (5) fees to be paid to the Sub-Adviser by the Adviser under the sub-advisory agreement are within the range of fees paid to the Sub-Adviser for sub-advisory services rendered to other U.S. mutual funds. The Board viewed favorably the fact that no fee would be payable to a Sub-Adviser with respect to that portion of allocated assets which are invested in registered, open-end management investment companies for which the Sub-Adviser serves as investment adviser or sub-adviser and for which the Sub-Adviser already receives a fee. The Board noted that the Adviser, not the Fund, will pay the Sub-Adviser for investment sub-advisory services rendered to the Fund; and
- (6) the Sub-Adviser's prior experience in providing advisory services to other U.S. based mutual funds.

**TT International Investment Management** – The Board specifically considered the following as relevant to its approval of the sub-advisory agreement between the Adviser and TT International Investment Management:

- (1) the history, reputation, qualification and background of the Sub-Adviser, as well as the qualifications of its personnel;
- (2) the nature and quality of services to be provided to the Fund, including information provided by the Sub-Adviser regarding the background and responsibilities of the portfolio management and client service teams and its personnel responsible for monitoring the Fund's compliance with its investment objectives;
- (3) a representation from the Sub-Adviser that the Sub-Adviser had not experienced any material code of ethics violations over the past twelve months;

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**ABSOLUTE STRATEGIES FUND**

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- (4) the Sub-Adviser's representation that it had not experienced any material compliance matters or regulatory problems over the past year;
- (5) fees to be paid to the Sub-Adviser by the Adviser under the sub-advisory agreement are within the range of fees paid to the Sub-Adviser for sub-advisory services rendered to other U.S. mutual funds. The Board noted that the Adviser, not the Fund, will pay the Sub-Adviser for investment sub-advisory services rendered to the Fund;
- (6) the Sub-Adviser's years of experience in providing advisory services to institutional accounts and mutual funds and its \$10 billion of assets under management; and
- (7) the Sub-Adviser's prior experience in providing advisory services to other U.S. based mutual funds.

**TWIN Capital Management, Inc.** – The Board specifically considered the following as relevant to its approval of the sub-advisory agreement between the Adviser and TWIN Capital Management, Inc.:

- (1) the history, reputation, qualification and background of the Sub-Adviser, as well as the qualifications of its personnel;
- (2) the nature, extent and quality of the services to be provided to the Fund by the Sub-Adviser;
- (3) a representation from the Sub-Adviser that the Sub-Adviser had not experienced any material code of ethics violations over the past twelve months;
- (4) the Sub-Adviser's representation that it had not experienced any material compliance matters or regulatory problems over the past year;
- (5) fees to be paid to the Sub-Adviser by the Adviser under the sub-advisory agreement are within the range of fees paid to the Sub-Adviser for sub-advisory services rendered to other U.S. mutual funds. The Board noted that the Adviser, not the Fund, will pay the Sub-Adviser for investment sub-advisory services rendered to the Fund; and
- (6) the Sub-Adviser's experience in providing advisory services to other U.S. based mutual funds.

**Yacktman Asset Management Co.** – The Board specifically considered the following as relevant to its approval of the sub-advisory agreement between the Adviser and Yacktman Asset Management Co.:

- (1) the history, reputation, qualification and background of the Sub-Adviser, as well as the qualifications of its personnel;
- (2) the nature, extent and quality of the services to be provided to the Fund by the Sub-Adviser;
- (3) a representation from the Sub-Adviser that the Sub-Adviser had not experienced any material code of ethics violations over the past twelve months;
- (4) the Sub-Adviser's representation that it had not experienced any material compliance matters or regulatory problems over the past year;
- (5) fees to be paid to the Sub-Adviser by the Adviser under the sub-advisory agreement are within the range of fees paid to the Sub-Adviser for sub-advisory services rendered to other U.S. mutual funds. The Board noted that the Adviser, not the Fund, will pay the Sub-Adviser for investment sub-advisory services rendered to the Fund; and
- (6) the Sub-Adviser's experience in providing advisory services to two other U.S. based mutual funds.

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Prior to voting, the Board reviewed a memorandum from counsel discussing the legal standards for its consideration of the investment advisory and sub-advisory agreements. The Board also discussed the proposed approval of the investment advisory and sub-advisory agreement in a private session with counsel at which no representatives of the Adviser were present. The Board determined that the overall arrangements between (i) the Fund and the Adviser and (ii) the Adviser and each Sub-Adviser, as provided in the investment advisory and sub-advisory agreements, were fair and reasonable in light of the services to be performed, fees, expenses and such other matters as the Board considered relevant in the exercise of its business judgment. The Board also concluded the each Sub-Adviser possessed the fundamental resources necessary to meet its investment mandate. Additionally, the Board concluded that each Sub-Adviser had no systemic legal or compliance problems that would interfere with the Fund's management. On this basis, the Board unanimously approved the investment advisory and sub-advisory agreements.

The Board, including a majority of the Independent Trustees, also determined that it would be in the best interests of the Fund and its shareholders to authorize the Adviser, with the approval of the Board, to appoint and replace Sub-Advisers and to enter into and approve amendments to sub-advisory agreements without first obtaining shareholder approval ("Manager of Managers Structure") upon receipt by the Trust and the Adviser of exemptive relief from the SEC and/or the adoption of an SEC rule authorizing the employment of a Managers of Managers Structure. A Manager of Managers Structure will enable the Adviser to employ Sub-Advisers with varying investment styles to help enhance performance by minimizing investment volatility and expanding the stocks in which the Fund invests.

The Board concluded that the Manager of Managers Structure is in the best interest of the Fund's shareholders as it offers the best means for the Fund to identify and retain the highest quality portfolio management services and, thereby seek to obtain consistently superior investment performance.

**Administration and Other Services** – Citigroup Fund Services, LLC ("Citigroup"), provides administration, portfolio accounting, and transfer agency services to the Fund.

**Distribution** – Foreside Fund Services, LLC is the Trust's distributor ("Distributor"). The Distributor is not affiliated with the Adviser, Citigroup or its affiliated companies. The certifying officers of the Trust are also principals of the Distributor. Under a Distribution Plan adopted pursuant to Rule 12b-1 under the Act with respect to A Shares ("Distribution Plan"), the Fund pays the Distributor a fee at an annual rate of 0.25% of the average daily net assets of A Shares. The Distributor may pay some or all of these fees to various financial institutions, including the Adviser, that provide distribution or shareholder services. The Distribution Plan obligates the Fund to pay the Distributor compensation for the Distributor's services and not as reimbursement for certain expenses incurred. For the period ended September 30, 2005, the Distributor received \$16,120 for distribution fees.

For the period ended September 30, 2005, the Distributor retained \$1,146,768 of the front-end sales charges assessed on the sale of A Shares.

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Under a Compliance Services Agreement with the Trust, the Distributor provides a Chief Compliance Officer, Principal Executive Officer and Principal Financial Officer to the Trust as well as certain additional compliance support functions.

**Account Fees** – The Fund is authorized to pay an administrative fee to financial institutions that provide administrative services (e.g., establishing and maintaining accounts and records relating to client accounts and answering client inquiries regarding the manner in which purchases, exchanges and redemptions of shares of the Fund or a class thereof may be effected) to their clients that invest in the Fund (“Client Accounts”). The administrative fee payable to a financial institution is equal to or less than the annual per account fees (plus applicable out-of-pocket fees) that the Fund’s transfer agent would otherwise be entitled to receive based on the number of Client Accounts invested in the Fund less any account fees paid to the transfer agent on the omnibus accounts maintained by a financial institution. Out-of-pocket fees are estimated using the out-of-pocket fees charged by the transfer agent on a quarterly basis divided by the number of non-omnibus accounts maintained on the transfer agent’s system. Out-of-pocket costs are for shareholder servicing costs incurred by the transfer agent such as anti-money laundering (AML) software and services, AML and internal controls (SAS 70) reviews and/or audits, fees and expenses of proxy solicitors and tabulators, escheatment services, communications, postage and delivery services, mailing and delivery, reproduction and record storage and retention.

**Trustees and Officers** – Certain Trustees and Officers of the Trust are directors, officers or employees of Citigroup or the Distributor.

**Note 4. Waiver of Fees and Reimbursement of Expenses**

The Adviser has contractually agreed to waive its fees to limit the Fund’s net expenses of Institutional Shares and A Shares to 1.95% and 2.25%, respectively, of each class’ average daily net assets through October 31, 2006 (“Waiver Agreement”). At a special meeting of the Board on October 7, 2005, the Board approved an amendment to the Waiver Agreement to exclude, retroactively, the following expenses from the expense cap limitations: short sale dividend expenses, interest, taxes, portfolio transaction expenses, and extraordinary expenses. Citigroup has voluntarily waived a portion of its fees. Citigroup has voluntarily agreed to pay a portion of the Compliance Services fees through December 31, 2005. The Distributor has voluntarily agreed to waive a portion of its Compliance Services fees through June 30, 2006. The voluntary waivers may be reduced or eliminated at any time. For the period ended September 30, 2005, fees waived and expenses reimbursed were as follows:

<b><u>Adviser Waived</u></b>	<b><u>Adviser Reimbursed</u></b>	<b><u>Administrator Waived</u></b>	<b><u>Compliance Services Waived</u></b>	<b><u>Total Fees Waived and Expenses Reimbursed</u></b>
\$48,007	\$25,227	\$7,272	\$428	\$80,934

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**Note 5. Security Transactions**

The cost of purchases and the proceeds from sales of investment securities, other than short-term investments, for the period ended September 30, 2005 were as follows:

<b>Non-US Government Obligations</b>		<b>US Government Obligations</b>	
<b>Purchases</b>	<b>Sales</b>	<b>Purchases</b>	<b>Sales</b>
\$11,058,778	\$334,395	\$5,953,913	\$907,166

**Note 6. Federal Income Tax and Investment Transactions**

As of September 30, 2005, distributable earnings (accumulated losses) on a tax basis were as follows:

Ordinary Income	\$ 51,603
Capital and Other Losses	(1,069)
Unrealized Appreciation (Depreciation)	245,995
Total	<u>\$296,529</u>

**Note 7. Written Option Transactions**

Transactions in options written during period ended September 30, 2005 were as follows:

	<b>Calls</b>	
	<b>Number of Contracts</b>	<b>Premiums</b>
Options written	65	\$92,635
Options terminated in closing transactions	-	-
Options exercised	-	-
Options expired	-	-
<i>Outstanding, September 30, 2005</i>	<u>65</u>	<u>\$92,635</u>

**Note 8. Proxy Voting Information**

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling (888) 992-2765 and on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's proxy voting record for the period of July 11, 2005 (the Fund's commencement of operations) through June 30, 2006 will be available, without charge and upon request, by calling (888) 992-2765 and on the SEC's website at [www.sec.gov](http://www.sec.gov).

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**Note 9. Availability of Quarterly Portfolio Schedules**

The Fund will file its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q will be available on the SEC's website at [www.sec.gov](http://www.sec.gov) or may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. The Fund has not filed a Form N-Q to date since it did not commence operations until July 11, 2005.

**Note 10. Shareholder Expense Example**

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments; redemption fees; and exchange fees; and (2) ongoing costs, including management fees; distribution (12b-1) fees; and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from the Fund's inception through September 30, 2005.

**Actual Expenses** – The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during the period.

**Hypothetical Example for Comparison Purposes** – The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing cost of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

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Expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads) for certain share classes, redemption fees or exchange fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs had been included, your costs would have been higher.

	<b><u>Beginning Account Value*</u></b>	<b><u>Ending Account Value September 30, 2005</u></b>	<b><u>Expenses Paid During Period**</u></b>
<b>Institutional Shares</b>			
Actual Return	\$1,000.00	\$1,007.87	\$ 4.97
Hypothetical Return	\$1,000.00	\$1,013.89	\$11.26
<b>A Shares</b>			
Actual Return	\$1,000.00	\$1,007.28	\$ 5.52
Hypothetical Return	\$1,000.00	\$1,012.63	\$12.51

\* The beginning account value dates for the calculations of the actual return and hypothetical return are July 11, 2005 and April 1, 2005, respectively.

\*\* Expenses are equal to 2.23% and 2.48% for Institutional Shares and A Shares, respectively, multiplied by the average account value over the period, multiplied by the number of days in most recent fiscal half-year/365 to reflect the half-year period (except for the Fund's actual return information which reflects the 81-day period ended September 30 due to its inception date occurring during the period).

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# **ABSOLUTE**Strategies FUND

TWO PORTLAND SQUARE  
PORTLAND, MAINE 04101  
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(888) 99-ABSOLUTE (TOLL FREE)

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## **INVESTMENT ADVISER**

Absolute Investment Advisers LLC  
94 Station Street, Suite 202  
Hingham, Massachusetts 02043  
[www.absoluteadvisers.com](http://www.absoluteadvisers.com)

## **TRANSFER AGENT**

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P.O. Box 446  
Portland, Maine 04112  
(888) 992-2765 (Toll Free)  
(888) 99-ABSOLUTE (Toll Free)

## **DISTRIBUTOR**

Foreside Fund Services, LLC  
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