ABSOLUTE CAPITAL OPPORTUNITIES FUND

PORTFOLIO COMMENTARY - CAPOX

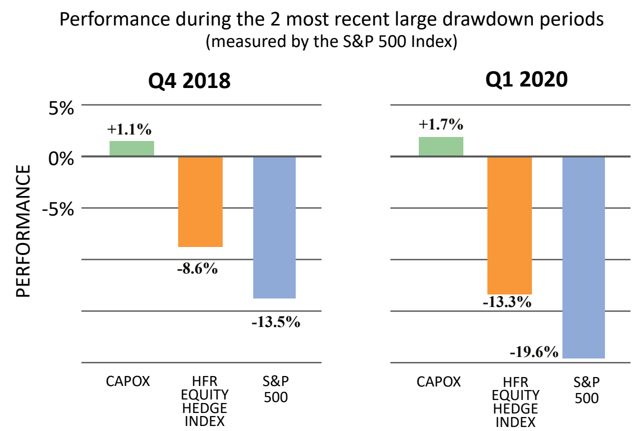
Q2 2021

ABSOLUTE FUNDS

Through the first half of the year the Absolute Capital Opportunities Fund (the "Fund") declined 2.89%. By comparison, the HFRX Equity Hedge Index gained 7.86% over the same period.

Over longer time periods the Fund's performance continues to meet goals and objectives. Since inception in 2015, CAPOX has averaged a 5.10% annual return while also generating a positive return in Q4 2018 and Q1 2020 - the two significant drawdown periods for broad financial markets (see chart).

It is worth noting that the Fund has been very well hedged since inception in 2015 and dating back to 2013 in how the strategy is managed in private accounts. The reason is that since the Great Financial Crisis of 2008, we have been navigating a market environment defined by interest rates hovering near zero. Investment decision-making in a world where interest rates are near zero (or negative in Europe and Japan) changes equity investing in a significant way.



Historically when we purchased a stock, we did so because we thought the security was mispriced and could potentially yield a return somewhere in the 15% per year range. We understand that there is risk inherent every time you invest in a company, and that sometimes the negative case will play out. Therefore, we would spend significant effort estimating the value of the company if things went poorly. If the probabilities were 70% good outcome, and 30% bad outcome, and the potential return was worth the risk, we'd initiate a position. All of this remains true today.

What has changed is that historically we could diversify a good deal of the portfolio risk by owning 30-40 companies each with its company-specific risks that did not necessarily overlap with each other. While a recession could cause a highly correlated **temporary decline** in values, the odds of a **permanent loss** were reduced through diversification. However, because interest rates are so very low, all equity investments today face the risk of a permanent impairment of value.

We are acutely aware of this risk, and yet, we believe our company-specific work is valid even in an interest rate environment with ten-year US Treasury bonds yield rising to a more normal 2.5-3%. If rates stay well below that level, it's quite possible the company- specific valuation estimates we are using could prove to be too low. It is our belief that ten-year US Treasury yields increasing above 4% may cause a permanent reduction in business values across the entire stock market.

Since there is no way for us to guard against this risk through valuation or diversification work, we are guarding against it using our hedging strategy.

CAPOX has historically achieved a profit in three ways:

(1) Relative stock selection
(2) Sudden large stock market movements (up or down)
(3) Increases in stock market volatility

The Fund benefits from having three sources of return, and the interaction between the three goes a long way in explaining the low correlation return stream produced by the fund.

Continued on reverse

That said, here is what has transpired over the first half of the year:

(1) Relative stock selection (+) : Relative stock performance has been extremely strong this year with the long stock portion of our portfolio out-performing the S&P 500 Index by approximately 5%.
(2) Sudden large stock market movements (up or down) (-): While the market is up nearly 15% this year, the moves have been generally very small and steadily upward. This pattern is not conducive to the funds hedging strategy adding value.
(3) Shocks up in volatility (-): Dwindling stock market volatility has been the largest detractor. The VIX index has reversed course this year and is down about 25% YTD.

While we are never pleased with negative performance, the outcome for the first half of the year is well within our range of expectations given the underlying circumstances. Interestingly, this period's resemblance to 2015 is striking. As markets have marched steadily higher, volatility has fallen significantly. This has caused the cost of future hedging to have become much cheaper. The longer this environment continues (historically high stock market valuations coupled with declining stock market volatility), the better positioned the Fund becomes.

We expect our hedging to be very profitable from time to time, but certainly not every time - once or twice a year should be sufficient based on how we are managing the strategy. We expect this will happen most, but not all years. We are okay with this cost as long as we continue to improve the positioning along the way. In our opinion, the mismatch of timing is what makes this such an attractive vehicle. Just as we rebalance from low-risk assets to higher risk during times of crisis, the longer the current risk-taking environment persists, we believe the Fund becomes even more attractive.

- Kovitz Investment Group

KOVITZ INVESTMENT GROUP is based in Chicago, IL
and is the Portfolio Manager of the Absolute Capital Opportunities Fund

---

Quarter-End Performance for CAPOX: As of 6/30/21, the 1 year, 5 year and annualized since inception (12/30/15) performance for the Absolute Capital Opportunities Fund was 0.75%, 4.96% and 5.10% respectively and the 1 year, 5 year and annualized since Fund inception (12/30/15) performance for the S&P 500 Index was 40.79%, 17.65% and 16.51% respectively. *Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month-end, call the Fund at 888-99-ABSOLUTE. Returns include the reinvestment of dividends and capital gains. Some of the Fund's fees were waived or expenses reimbursed; otherwise, returns would have been lower.*

The Fund's total annual operating expense ratio (gross) is 1.91% and the net expense ratio is 1.82% through August 1, 2021. However, the Fund's Adviser has contractually agreed to waive its fee and/or reimburse Fund expenses to limit Total Annual Fund Operating Expenses to 1.75% through August 1, 2021 (the "Expense Cap") and to 1.49% when the Fund reaches $125 million in assets under management. This Expense Cap, which excludes all taxes, interest, portfolio transaction expenses, dividend and interest expenses on short sales, acquired fund fees and expenses, broker fees, proxy expenses and extraordinary expenses, may only be raised or eliminated with the consent of the Board of Trustees.

Risks & Definitions on last page

ABSOLUTE
INVESTMENT ADVISERS

DEFINITIONS: *HFRX Equity Hedge Index: Equity Hedge strategies maintain positions both long and short in primarily equity and equity derivative securities. Equity Hedge managers would typically maintain at least 50%, and may in some cases be substantially / entirely invested in equities, both long and short. The S&P 500, or simply the S&P, is a stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the United States. The Cboe Volatility Index (VIX) is a real-time index that represents the market's expectations for the relative strength of near-term price changes of the S&P 500 index (SPX). The VIX is derived from the prices of SPX index options with near-term expiration dates and generates a 30-day forward projection of volatility. It is not possible to invest directly in an index.*

The Fund's net asset value and investment return will fluctuate based upon changes in the value of its portfolio securities. There is no assurance that the Fund will achieve its investment objective, and an investment in the Fund is not by itself a complete or balanced investment program. For a complete description of the Fund's principal investment risks please refer to the prospectus.

The Fund may be exposed to varying forms of risk. The Fund is non-diversified and may focus its investments in the securities of a comparatively small number of issuers. Concentration in securities of a limited number of issuers exposes a fund to greater market risk and potential monetary losses than if its assets were diversified among the securities of a greater number of issuers. The Fund may invest in small- and medium-sized companies which involve greater risk than investing in larger, more established companies, such as increased volatility of earnings and prospects,higher failure rates, and limited markets, product lines or financial resources.

The Fund may invest in foreign or emerging markets securities which involve special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets.

The Fund may invest in debt securities which are subject to interest rate risk. An increase in interest rates typically causes a fall in the value of the debt securities in which the Fund may invest. The Fund may also invest in high yield, lower rated (junk) bonds which involve a greater degree of risk and price fluctuation than investment grade bonds in return for higher yield potential. The Fund's distressed debt strategy may involve a substantial degree of risk, including investments in sub-prime mortgage securities.

The Fund may purchase securities of companies in initial public offerings. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. The Fund may leverage transactions which include selling securities short as well as borrowing for other than temporary or emergency purposes. Leverage creates the risk of magnified capital losses.

The Fund may also invest in derivatives which can be volatile and involve various types and degrees of risks, depending upon the characteristics of a particular derivative. The Fund may invest in options and futures which are subject to special risks and may not fully protect the Fund against declines in the value of its stocks. In addition, an option writing strategy limits the upside profit potential normally associated with stocks. Futures trading is very speculative, largely due to the traditional volatility of futures prices.

Investors should carefully consider the Fund's investments objectives, risks, charges and expenses before investing. This and other information is in the prospectus, a copy of which may be obtained by calling (888) 992-2765 or visiting the Fund's web site: www.absoluteadvisers.com. Please read the prospectus carefully before you invest.

ABSOLUTE
CAPITAL OPPORTUNITIES FUND

Three Canal Plaza, Suite 600, Portland, Maine 04101
(888) 99-ABSOLUTE or (888) 992-2765
www.absoluteadvisers.com

Distributor: Foreside Fund Services, LLC
SKU: CAP-COMM-Q221