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PORTFOLIO COMMENTARY : August 2016

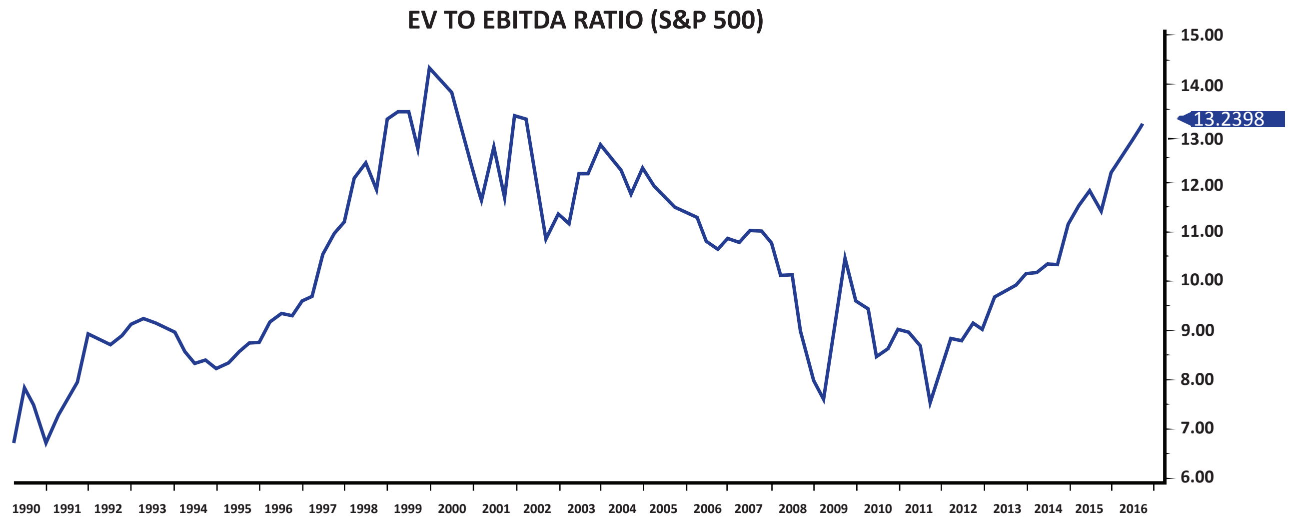
Markets have now rallied to modest new highs while fundamentals continue to deteriorate. We may be witnessing the largest divergence between market prices and fundamentals in history. As investors attempt to digest this on-going dichotomy, the result has been increased volatility. We expect financial markets to continue to swing wildly as investors try to grapple with the reality of negative growth coupled with an insatiable appetite for income.

This increase in volatility has created a much improved market environment for our sub-advisers and our investment strategy. A range bound market with decent swings in direction can set up quite well for the Fund and provide returns that are highly uncorrelated to both equities and fixed income. In fact, two of the Fund's best months this year came during flat months for the S&P 500.

We have added some flexibility to our approach over the past year in order to take advantage of investor behavior geared toward central bank activities. This has enabled us to capture opportunities both long and short during short bursts of volatility in a variety of asset markets while maintaining patience during low volatility periods. Low volatility periods tend to last longer but are likely to be setups for renewed market selloffs. This is the environment that currently exists as of the beginning of the third quarter.

We believe that the potential to generate returns that come from something other than static long market beta is one significant thing that separates the Strategies Fund from most other investment offerings, whether traditional or alternative. We also believe this is especially important today given that many equity markets currently appear very expensive, many credit markets currently appear very expensive, and many alternative funds have struggled to produce alpha.

The past several commentaries have included a variety of different valuation charts. We have done this to show that market beta appears very risky when looking holistically at prices relative to sales, cash flow, earnings, and debt. It's not just one outlier chart. Many basic valuation measures are now at levels only reached during the late 1990's bubble. What's unique about the current environment is the lack of growth. During the 1990s, 10-yr EBITDA growth exceeded 90%. Today, 10-yr EBITDA growth is actually negative. This is illustrated well in the chart below of EV/EBITDA ratio (economic value to EBITDA) for the S&P 500. In our opinion, charts like this provide unemotional common sense that is likely to be obvious in hindsight.



Source: Bloomberg

While the S&P 500 Index may be at or near all-time highs, many other global markets appear very fragile and foreign investors are beginning to sense that there is no end game to central bank activity. Some markets are actually moving contrary to central bank actions as witnessed by recent stimulus attempts by both the Bank of Japan and the European Central Bank. In the short term, relative attractiveness has benefited US markets. However, as we've discussed for the past year, we believe global markets are signaling that central bank credibility is breaking down. (Continued on next page)

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As for our current positioning, we took advantage of recent volatility toward the end of the second quarter, but believe larger market movements could reappear later this year and into 2017. Again, we believe this market environment may be highly advantageous for nimble, liquid strategies like ours. We expect the Fund to be very active when opportunities arise to either take or hedge risk. More detailed information regarding our positioning, attribution and outlook can be found in our Quarterly Portfolio Analysis.

***Definitions:** *The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. EBITDA, Earnings Before Interest, Taxes, Depreciation and Amortization can be used analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions. EV / EBITDA is a company's enterprise value divided by EBITDA. Enterprise Value to EBITDA, is a measure of the cost of a stock which is more frequently valid for comparisons across companies than the price to earnings ratio.*

Additional Risks:

Since the Fund utilizes a multi-manager strategy with multiple subadvisers, it may be exposed to varying forms of risk. The Fund's net asset value and investment return will fluctuate based upon changes in the value of its portfolio securities. There is no assurance that the Fund will achieve its investment objective, and an investment in the Fund is not by itself a complete or balanced investment program. For a complete description of the Fund's principal investment risks please refer to the prospectus.

The Fund 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 the Fund may invest in.

The Fund may also invest in high yield, lower rated (junk) bonds which involve a greater degree of risk and price fluctuation than investment grade bonds in return for higher yield potential. The Fund's distressed debt strategy may involve a substantial degree of risk, including investments in sub-prime mortgage securities.

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

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

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

ABSOLUTEstrategies FUND

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