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PORTFOLIO COMMENTARY : October 2016

Many of the changes we have made to the Absolute Strategies Fund over the past few years are beginning to align well with changes in overall market conditions. For the Fund, this includes removing static strategies such as equity market neutral and long biased fixed income and adding managers that can vary exposures both long and short. In addition, the Fund's exposures and allocations have been much more active and flexible during volatile periods, including monetizing certain short positions while selectively adding opportunistic long exposure. Even range bound markets with intervals of high volatility have created a much improved market environment for our sub-advisers and our investment strategy.

This flexibility has proven its worth over the last year even as markets have reached all-time highs. The Fund has been able to take advantage of several swings in market direction and, more importantly, provide returns that are highly uncorrelated to both equities and fixed income. We have been able to capture opportunities both long and short in a variety of asset classes while maintaining patience during more difficult periods of low volatility. In fact, two of the Fund's best months this year came during flat months for the S&P 500. This is in stark contrast to most alternative funds and asset allocation schemes that appear highly correlated to beta risk and are clearly on the wrong side of volatility. We believe these products offer almost no diversification benefit; they are simply an extension of traditional asset classes and behave poorly when you need them most.

High correlation is a concern for thoughtful investors who are also grappling with the reality of low/negative growth combined with record high asset prices. This divergence, along with European bank concerns and the potential tapering of European QE, is causing swings in bonds, currencies, equities and commodities.

We think most everyone understands the inherent price risks in stocks and bonds, and the risks associated with an unwinding of central bank policies. We have certainly beaten it to death. What has been lost during this market environment, however, is the serious mismatch between market uncertainty and portfolio diversification. We would like to stress that certain strategies are able to capitalize on uncertainty and volatility while maintaining an emphasis on making money for investors over the long term. Importantly, we strongly believe this market uncertainty sets up an environment that is ripe for nimble, liquid, alpha-generating strategies like ours.

Exceptionally high correlation appears common among all asset classes. Bond markets are priced with record low yields and equity markets are near all-time high valuation levels; we believe it is more important than ever to have a portion of a portfolio generate returns from allocations other than static long beta. Now is the time for investors to assess concentrated beta exposure within both traditional and alternative asset classes and seek strategies with real diversification benefits.

As for our own assessment, we believe the additional flexibility relating to the Fund's overall net exposures should provide a more balanced return profile while at the same time weathering long periods of low volatility within an overall expensive market environment. The Fund will continue to seek to capitalize on periods of high volatility and preserve capital during large market drawdowns. (See the table on page 2 for Fund performance during each of the 8 equity (S&P 500) draw-down periods of 5% or more going back to 2011.) We believe this approach is rare in today's crowded financial market landscape and should prove to be quite valuable for those seeking to diversify away from both equity beta and interest rate risk.

See Reverse for Performance, Definitions & Risks

ALL EQUITY (S&P 500) DRAW-DOWNS (LOSSES) OF 5% OR GREATER SINCE 2011	2011 7/7 - 10/3	2012 4/2 - 6/1	2013 5/21 - 6/24	2014 1/1 - 2/3	2014 9/2 - 10/15	2015 7/20 - 8/25	2015 - 16 11/3 - 2/11	2016 6/23 - 6/27
S&P 500 Index	-18.4%	-9.6%	-5.6%	-5.7%	-6.8%	-12.0%	-12.7%	-5.3%
HFRX Global Index	-7.1%	-2.2%	-2.5%	-0.8%	-4.3%	-3.8%	-7.1%	-1.6%
HFRX Distressed	-9.0%	-2.1%	-2.1%	0.9%	-6.2%	-3.7%	-12.9%	-1.4%
HFRX Eq Market Neutral	-6.7%	-2.3%	-0.1%	0.6%	0.5%	0.8%	-2.3%	-0.6%
HFRX Equity Hedge	-12.2%	-4.6%	-4.2%	-1.8%	-3.9%	-6.1%	-9.8%	-3.1%
HFRX Event Driven	-7.9%	-2.8%	-2.3%	-0.2%	-9.3%	-5.3%	-9.8%	-2.1%
HFRX Fundamental Growth	-11.3%	-5.4%	-6.9%	-0.2%	-3.9%	-8.6%	-8.0%	-1.9%
HFRX Fundamental Value	-17.1%	-2.9%	-3.3%	-2.7%	-4.2%	-5.4%	-11.2%	-3.8%
HFRX Macro/CTA	-0.4%	0.9%	-2.0%	-0.7%	0.7%	-2.1%	1.3%	-0.1%
HFRX Special Situations	-7.5%	-3.5%	-2.0%	-0.6%	-10.6%	-6.1%	-9.4%	-2.4%
Absolute Strategies Fund (ASFIX)	1.8%	1.2%	0.7%	1.2%	2.8%	4.2%	6.2%	3.0%

Source: *Bloomberg & Hedge Fund Research*

Quarter-End Performance for ASFIX: As of 09/30/16, the 1 year, 5 year and 10 year annualized performance for the I- Share was 0.33%, 0.49% and 1.87% 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. Annualized returns current to the most recent month end can be obtained by calling the Fund at 888-99-ABSOLUTE. As stated in the current prospectus, the Absolute Strategies Fund's total annual operating expense ratio for Institutional Shares is 2.68%. Excluding the effect of expenses attributable to dividends and interest on short sales and acquired fund fees and expenses, the Fund's annual operating expense ratio was 1.85% for Institutional Shares.* 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. *Securities in the Funds do not match those in the indexes and performance of the Funds will differ. It is not possible to invest directly in an index.*

***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. Alpha is the measure of performance on a risk-adjusted (beta) basis. Alpha takes the volatility (price risk) of a fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha. Beta is the measure of a fund's relative volatility as compared to the S&P 500 Index which by definition is 1.00. Accordingly, a fund with a 1.10 beta is expected to perform 10% better than the Index in up markets and 10% worse in down markets.Correlation is a statistical measure of how two securities move in relation to each other.*

Additional Risks:

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

The Fund 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.

ABSOLUTE strategies FUND

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