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2008 will likely go down in the history books as the worst calendar year ever for global assets of all types. The MSCI Global market index was down over 40% and Emerging Markets were down over 50%. Much has been written about the severe macro events and the collapse of the financial system, so there's no need to detail much in this commentary except to add that last year could be the start of a dramatically different financial landscape.

The Absolute Strategies Fund was down -13.5% for 2008, vs. -37.0% for the S&P 500 Index and -23.3% for the HFRX Global Hedge Fund Index.

[As of 12/31/08, the 1- year and since inception annualized performance for I- Share was (13.54%) and (0.69%), 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. For performance current to the most recent month-end, visit the Fund's web site at www.absoluteadvisers.com. As stated in the current prospectus, the Fund's annual operating expense ratio (gross) for Institutional Shares is 2.37%. Excluding the effect of expenses attributable to dividends on short sales, the Fund's total annual operating expense ratio was 1.88% for Institutional Shares for the fiscal year ended March 31, 2008.]

We are disappointed to have had a down year, but given the extremely challenging investing conditions caused by widespread financial panic, frozen credit markets, and resulting dislocations, we feel the Fund performed well. Because the Fund avoided the use of leverage and was defensively positioned heading into September 2008, losses were greatly mitigated relative to many other types of diversified portfolios, including hedge fund of funds. Additionally, the Fund has not only retained client assets but has had positive net inflows for all of 2008, including the last 4 months. We are grateful for your trust, appreciation and continuing confidence in our Fund.

Our previous commentaries warned of potential systemic risks and the dangers of too much leverage and cheap credit. However, it was impossible to predict the numerous, unthinkable events and resulting panic that occurred in the latter part of 2008. Most notably, some of the largest financial institutions in the world, including Bear Stearns, Fannie/Freddie, Lehman Brothers, Washington Mutual, AIG, Merrill Lynch, and Wachovia are all gone in less than one year. The unwinding of these institutions (particularly Lehman), the frozen credit markets, and government intervention has forced large market participants to dump assets at any price to meet margin calls, liquidity constraints, and redemptions..

See Reverse For Definitions & Risks

The resulting de-leveraging, forced-selling and re-pricing of risk has set up exciting opportunities for many of our strategies going forward. Some of the areas that have seen the greatest dislocations and forced-selling are the same areas where our managers have had dry powder. While others are dealing with de-leveraging and redemptions, many of our managers are able to pursue the opportunities created by these market dislocations by having fresh capital to put to work. We have also made some allocation adjustments to take advantage of these opportunities. Though our market neutral managers performed well for us and had sizable allocations, we have moved some capital away from them and toward more opportunistic managers, specifically convertible arbitrage, distressed debt and opportunistic equity. Our managers are gradually adding exposures to these areas which they and we believe offer very attractive asymmetric return possibilities that may not need to rely on traditional directional markets.

While the re-pricing of risk is attractive in the fore mentioned areas, the timing of the opportunities is uncertain. Risk and volatility is expected to remain high for the foreseeable future and the continued process of de-leveraging could last well into 2009 and beyond – unwinding decades of debt accumulation is likely to be slow and painful. It is also probable that private equity firms could be the next crisis as many have yet to properly value some of their highly leveraged companies. All of this may not bode well for the economy or for the capital markets and as such, traditional portfolios may continue to exhibit unbearable gyrations and constantly changing expectations. We believe this ongoing environment sets up very well for risk-managed and opportunistic strategies that utilize idiosyncratic skills. Portfolios that are geared exclusively to bull-market tailwinds (beta), illiquidity, or leveraging low-return strategies have been exposed for their inherent risks.

The past decade can be summed up by two words: "greed and complacency." Inflated asset values and a focus on very short-term time horizons had created an insatiable demand for returns and irrational expectations among many investors. We believe successful investing requires patience, discipline and a healthy dose of skepticism. This is an important time for investors to properly adjust expectations, rethink their risk appetites and diversify portfolios away from investments that rely heavily on one-way bets. True diversification is unlikely to be achieved by crowding into a standard, optimized collection of asset classes; it's created through good judgment and the inclusion of managers who are independent thinkers seeking to manage investors' capital over a reasonable period of time. Our Fund is not designed to be "market-neutral" (zero beta) or a substitute for risk-free investments and as such, moderate volatility should be expected. For long-term investors, the Fund should be viewed as added stability and risk-adjusted performance to a disciplined and diversified portfolio over a full market cycle.

- Jay Compson

All commentary is available on our web site at www.absoluteadvisers.com

🔗 ***Definitions:** *Beta is the measure of a fund's relative volatility as compared to the S&P 500 Index which by definition is 1.00. Accordingly, a fund with a 1.10 beta is expected to perform 10% better than the Index in up markets and 10% worse in down markets. Alpha is the difference between a fund's actual returns and its expected performance, given its level of risk as measured by Beta. The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. Standard Deviation indicates the volatility of a fund's total returns. In general, the higher the standard deviation, the greater the volatility of return.*

Additional Risks

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

The Fund is non-diversified and may focus its investments in the securities of a comparatively small number of issuers. Concentration in securities of a limited number of issuers exposes a fund to greater market risk and potential monetary losses than if its assets were diversified among the securities of a greater number of issuers.

The Fund may invest in small- and medium-sized companies which involve greater risk than investing in larger, more established companies, such as increased volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources.

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

The Fund may invest in debt securities which are subject to interest rate risk. An increase in interest rates typically causes a fall in the value of the debt securities in which the Fund

may invest. The Fund may also invest in high yield, lower rated (junk) bonds which involve a greater degree of risk and price fluctuation than investment grade bonds in return for higher yield potential. The Fund'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.