

Absolute Investment Advisers LLC

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This Brochure provides information about the qualifications and business practices of Absolute Investment Advisers LLC ("Absolute" or Adviser). Absolute is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

This document is not an advertisement, an offer to sell or the solicitation of an offer to purchase interest in any Fund managed by Absolute.

If you have any questions about the contents of this Brochure, please contact Tony Bosch at 303.526.1252. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Absolute is available on the SEC's website at www.adviserinfo.sec.gov.

Absolute Investment Advisers LLC

Item 2: Material Changes

In March of 2014, Absolute Investment Advisers LLC updated Form ADV Part 2 (Brochure) as part of the annual amendment process. This brochure contains a number of changes from that amendment. Absolute Partners Advisers LLC is newly created adviser and General Partner to the Absolute Partners Fund L.P., a 3(c)1 privately offered investment vehicle. Absolute Partners Advisers LLC relies on Absolute Investment Advisers LLC as the filing adviser pursuant to SEC No-Action Letter, American Bar Association, Business Law Section dated January 18, 2012. Additional changes to the brochure herein are non-material within the scope of this update.

A copy of this Brochure may be requested by sending an email to info@absoluteadvisers.com or via the SEC web site www.adviserinfo.sec.gov. The Brochure is available free of charge.

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Absolute Investment Advisers LLC

Item 4: Advisory Business

Absolute Investment Advisers, LLC (“Absolute” or the “Adviser”) provides investment management services on a discretionary basis to two registered open end mutual funds. Not any one person owns 25% or more voting shares of the Firm.

Absolute is the investment adviser for the Absolute Strategies Fund and the Absolute Credit Opportunities Fund, collectively the “Absolute Funds”. The Absolute Funds utilize a concentrated group of independent subadvisers who run a variety of strategies.

Absolute Partners Advisers LLC is the General Partner to the Absolute Partners Fund LP (“Partners Fund”), a privately offered pooled investment vehicle. Absolute Partners Advisers LLC’s has appointed Absolute Investment Advisers LLC (the “Adviser”) to serve as the Partners Fund’s investment adviser. Absolute Partners Advisers LLC is a relying adviser of Absolute Investment Advisers, LLC and are under common control. Absolute Investment Advisers LLC is manager of the Partners Fund's assets, and Absolute Partners Advisers LLC has no employees or other persons acting on its behalf other than officers, directors, partners or employees of the Absolute Investment Advisers LLC.

As of November 1, 2014, discretionary assets under management were approximately \$2 billion.

Item 5: Fees and Compensation

Absolute Strategies Fund & Absolute Credit Opportunities Fund (“Absolute Funds”)

Management Fees

Absolute charges management fees based upon the average net assets of each Absolute Fund. Absolute may agree to limit or reimburse management fees to the extent required to maintain the Absolute Funds’ general expenses at a specified percentage of average net assets. The fees are computed daily and payable monthly during which, or part of which, the services are rendered.

The annual fee schedule for the Absolute Strategies Fund is 1.60%. The annual fee schedule for the Absolute Credit Opportunities Fund is 1.60%. Absolute has contractually agreed to waive its fee and/or reimburse Absolute Fund expenses to limit Total Annual Fund Operating Expenses to 1.95% for the period of January 1, 2014 through August 1, 2015 (excluding all taxes, interest, portfolio transaction expenses, dividend and interest expense on short sales, acquired fund fees and expenses, proxy expenses and extraordinary expenses).

Both Absolute Funds are manager of managers’ mutual funds. Therefore, investment management responsibilities for the Absolute Funds have been delegated to the respective subadvisers. The fees set forth above include fees paid to those subadvisers by Absolute and may vary by Absolute Fund and by subadviser. Certain subadviser fees include breakpoints at which the sub-management fee percentage charged is reduced if the assets exceed a specified amount. In addition, Absolute may negotiate additional fee breaks from the subadvisers. This may reduce the fees Absolute pays to the subadvisers.

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Other Operating Expenses

The Absolute Funds may incur other operating expenses including, but not limited to, distribution and service fees, dividend and interest expenses, acquired fund fees and expenses, transaction costs, proxy expenses and extraordinary expenses. In addition, the Absolute Funds are responsible for administrative expenses, including but not limited to accounting, custody, transfer agency, compliance and legal. Investors should refer to the prospectus for more specific details regarding fees and expenses. Item 12 of this brochure also includes further information with respect to the broker-dealers used for Fund transactions and determining reasonableness of their compensation (e.g. commissions).

Termination

Either party may terminate management services upon sixty (60) days' advance written notice. In the event of termination, fees would be charged pro-rata based on the number of calendar days of the month during which services were provided.

Absolute Partners Fund LP ("Partners Fund")

Management Fees

The Adviser receives fees for investment advisory services based on the amount of assets under management and as disclosed in the Partners Fund's offering documents and investment management agreements. Management Fees are payable quarterly in arrears, calculated by the Partners Fund's a third party administrator (the "Administrator") and deducted from each investor's capital account. The Management Fee will be prorated for any applicable period of less than a full quarter. The General Partner also receives from the Partners Fund an annual incentive allocation (refer to "Item 6 - Performance Based Fees and Side-by-Side Management" below for additional information).

The General Partner, in its sole and absolute discretion, may reduce or waive the Management Fee payable by Limited Partners. No management fees will be directly payable by the Partners Fund to the Adviser. Investment management services may be terminated in accordance with the terms outlined in the offering documents for each fund.

Other Fees

In addition to the investment advisory fee, each investor bears its allocable share of expenses associated with the operations of the Partners Fund. These include, among others, all commissions, research fees, interest on margin accounts and other indebtedness, custodial fees, bank service fees and any other reasonable expenses related to the evaluation, acquisition, monitoring, or disposition of Partners Fund investments, accounting, legal, technical, taxes, and other governmental changes, insurance premiums and other operating expenses, as will be determined by the General Partner in its sole and absolute discretion.

Potential investors should review the appropriate offering documents for complete disclosure of investor expenses.

Item 12 further describes the factors that the Adviser considers in selecting or recommending broker-dealers for transactions and determining the reasonableness of their compensation (e.g., commissions).

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Item 6: Performance-Based Fees and Side-By-Side Management

The General Partner receives an annual incentive allocation fee from its fund investors at the end of each fiscal year equal to 20% of the annual net profits on each Limited Partner's pro rata share of the net capital appreciation for such fiscal year less the product of a five percent (5.0%) hurdle rate and the value of the Limited Partner's capital account at the beginning of the applicable period, subject to a high water mark.

The General Partner, in its sole discretion, may reduce or waive the incentive allocation. The Adviser structures any performance or incentive fee arrangements subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, the Adviser shall include realized and unrealized capital gains and losses.

The Adviser has adopted policies and procedures to comply with its fiduciary obligation to accurately value client portfolios. The Administrator independently values portfolio securities and calculates the Net Asset Value in accordance with agreed upon pricing guidelines. Valuation of the securities and other investments held in the Partners Fund may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the net asset value of the Partners Fund could be adversely affected. The Adviser will value the securities held by the Partners Fund in accordance with the Partners Fund's limited partnership agreement ("Partnership Agreement"). If the Adviser, in its sole and absolute discretion, determines that the valuation of any security under these terms does not fairly represent its market value, the Adviser shall have the right, in its sole and absolute discretion, to value such security at what the Adviser, in its sole and absolute discretion, determines to be the market value for such security. All values assigned to securities by the Adviser shall be final and conclusive as to all of the Partners.

The Partners Fund is not subject to trade allocation conflicts in that it is managed as a single pool of assets under a single strategy. Although the Adviser manages additional portfolios/accounts with different fee structures, trading performed by the Adviser is generally dependent upon the Portfolio Manager's assessment of the Absolute Funds' and the Partners Fund's portfolio at any given time and whether or not there may be a need to adjust the risks associated with such portfolios. Thus, such transactions are generally made independently with respect to each of the Partners Fund or the Absolute Funds.

Item 7: Types of Clients

Absolute provides investment management services to two registered open end mutual funds (the "Absolute Funds") Absolute also has been appointed to serve as the Partners Fund, a privately offered investment vehicle, investment adviser.

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Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Absolute Strategies Fund

Principal Investment Strategies

Absolute Strategies Fund is an absolute return fund that seeks to achieve long-term capital appreciation with an emphasis on absolute (positive) returns and low sensitivity to traditional financial market indices such as the S&P 500 Index. Absolute believes that there are important benefits that come from investing alongside skilled money managers whose strategies, when combined, seek to provide risk-adjusted returns, lower volatility and lower sensitivity to financial market indices. To this end, *Absolute* selects Subadvisers that, relative to their peers, seek to preserve capital and tend to perform differently in a market cycle.

Absolute seeks to pursue absolute returns by allocating assets among a carefully chosen group of asset managers (the “Subadvisers”) who employ a wide range of specialized investment strategies. Absolute will allocate Fund assets among strategies of the Subadvisers that it believes offer the potential for attractive long term investment returns individually and are expected to blend within the Fund’s portfolio so that it may demonstrate low sensitivity and low volatility relative to the broader stock and bond markets over a complete market cycle.

The Subadvisers utilize strategies and investment techniques that, in aggregate, seek to produce risk-adjusted returns and absolute returns over a full market cycle while managing risk exposure. These strategies are common hedge fund-type strategies and may attempt to exploit disparities or inefficiencies in markets, geographical areas, and companies; take advantage of security mispricings or anticipated price movements; and/or benefit from cyclical themes and relationships or special situations and events (such as spin-offs or reorganizations). Such strategies may have low sensitivity to traditional markets because they seek opportunities and risks that are unrelated to traditional markets.

Absolute has primary responsibility for allocating Fund assets in a manner that attempts to diversify the Fund’s portfolio across multiple strategies and investment styles that we believe are complementary and, when combined, will produce enhanced risk-adjusted returns. To this end, Absolute will be responsible for selecting the Fund’s subadvisers and determining the portion of the Fund’s assets to be allocated to each subadviser. We review a range of factors (e.g. investment process) when evaluating each subadviser and its appropriate asset allocation. Absolute may direct a subadviser to reduce or limit its investment in certain assets or asset classes in order to achieve the desired composition of the Fund’s portfolio. Absolute retains the discretion to invest the Fund’s assets in securities and other instruments directly. Absolute has discretion to add, subject to board approval, or remove subadvisers at any time.

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.

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Absolute Credit Opportunities Fund

Principal Investment Strategies

Absolute will generally allocate Fund assets to a carefully chosen group of skilled money managers (the “Subadvisers”) who employ a wide range of specialized investment strategies that, when combined, we believe offer the potential for attractive long-term risk adjusted investment returns. Absolute selects Subadvisers that, relative to their peers, seek to preserve capital and tend to perform differently in a market cycle. Absolute believes that there are important benefits that come from investing through skilled money managers whose strategies, when combined, seek to provide lower volatility and lower sensitivity to traditional market indices when measured over a full market cycle.

The subadvisers utilize strategies and investment techniques aimed to produce enhanced risk-adjusted returns and absolute returns over a full cycle while managing risk exposure. These strategies are common among hedge funds and certain of them may exploit disparities or inefficiencies; take advantage of security mispricing or anticipated price movements, and or benefit from cyclical themes and relationships or special situations and events (such as spinoffs or reorganizations). Such strategies may have low sensitivity to traditional markets because they seek opportunities and risks that are unrelated to traditional markets.

Absolute seeks to diversify the Fund’s portfolio across multiple strategies and investment styles that we believe are complementary and, when combined, will produce enhanced risk-adjusted returns. We review a range of factors (e.g. investment process) when evaluating each subadviser and its appropriate asset allocation. Absolute may direct a subadviser to reduce or limit its investment in certain assets or asset classes in order to achieve the desired composition of the Fund’s portfolio. There is no fixed or minimum allocation to any subadviser. Absolute retains the discretion to invest the Fund’s assets in securities and other instruments directly and may add or remove subadvisers.

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.

Absolute Strategies Fund and Absolute Credit Opportunities Fund

Principal Investment Risks

An investment in either Fund is subject to a variety of risks which may be associated with the overall market condition or the specific types of investments within the Funds. Those risks include, but are not limited to : general market risk, recent market events risk, bank loans risk, convertible securities risk, credit risk, derivatives risk, distressed investments risk, emerging markets risk, equity risk, event-driven strategies risk, foreign risk, high turnover risk, interest rate risk, IPO risk, leverage risk, liquidity risk and management risk.

General Market Risk

The Funds’ net asset value (“NAV”) and investment return will fluctuate based upon changes in the value of portfolio securities. Investors may lose money on an investment in the Fund(s), or the Funds could underperform other investments. An investment in either Fund is not a deposit in a bank and is not insured or guaranteed by the Federated Deposit Insurance Corporation or any other government agency.

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Multi-Manager Risk

The methodology by which Absolute allocates assets to the subadvisers may cause the Funds to lose money or underperform other mutual funds. Because the subadvisers each make their trading decisions independently, it is possible that subadvisers may purchase or sell the same security at the same time without aggregating their transactions. This may cause unnecessary brokerage and other expenses and the Funds may incur losses as a result.

Management Risk

The Fund's performance may deviate from overall market returns to a greater degree than other funds that do not employ an absolute return focus. Alternatively, if the Fund or Subadviser takes a defensive posture by hedging its portfolio, then stock prices advance, the return to Fund investors may be lower than expected and lower than if the portfolio had not been hedged. Due to its active management, the Fund could underperform other mutual funds with similar investment objectives.

No assurance can be given that any hedging strategy will achieve its intended result. Although the Absolute Fund's registration statement permits such hedging strategies; there is no obligation for Absolute or the subadvisers to implement such strategies.

Derivatives Risk

To manage risk, enhance return, or modify exposure, the Fund may invest in derivatives which may involve leverage. Derivatives are financial instruments that have a value that depends upon, or is derived from, a reference asset, such as one or more underlying securities, pools of securities, options, futures, indexes or currencies. The most common types of derivatives in which the Fund may invest are forwards, options, futures and swaps contracts. The Fund's forward contracts include forward currency contracts. The Fund's swap agreements may include equity, interest rate, index, credit default and currency rate swap agreements. The Fund's futures contracts may include futures on securities, commodities, and securities indices. The Fund's options contracts may include options on securities, securities indices, commodities and futures. The Fund may purchase or write options. The Fund may invest in derivatives to hedge (or reduce) its exposure to a portfolio asset or risk, to obtain leverage for speculative purposes or to modify (increase or decrease) net investment and/or market exposure, to manage cash and/or as a substitute for taking a position in the reference asset or to gain exposure to certain asset classes. Leverage results in the Fund controlling substantially more assets than it has equity in an effort to increase returns. The Fund may also obtain leverage by investing an amount equivalent to short sale proceeds.

Futures Contracts

Futures contracts may be used for leveraging or hedging purposes. A futures contract is a bilateral agreement where one party agrees to accept, and the other party agrees to make, delivery of cash, securities or commodities, as called for in the contract, at a specified date and at an agreed upon price. An index futures contract involves the delivery of an amount of cash equal to a specified dollar amount multiplied by the difference between the index value at the close of trading of the contract and at the price designated by the futures contract. A treasury futures contract is a bilateral agreement where one party agrees to accept and the other party agrees to make delivery of a U.S. Treasury security, as called for in the agreement at a specified date

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and at an agreed upon price. Treasury futures contracts are used by the Fund to manage credit risk. Generally, futures contracts are closed out or rolled over prior to their expiration date.

Swap Agreements

Swap agreements may be used for hedging or leveraging purposes. In a standard swap transaction, two parties agree to exchange the returns earned on specific assets, such as the return on, or the increase in value of, a particular dollar amount invested at a particular interest rate, in a particular foreign currency, or in a “basket” of securities representing a particular index. A swap contract may not be assigned without the consent of the counterparty. Credit default swaps (“CDS”) enable an investor to buy or sell protection against a credit event, such as an issuer’s failure to make timely payments on debt securities, bankruptcy or a restructuring. CDS are structured so that the “buyer” must pay the “seller” a periodic stream of payments over the term of the CDS provided no event of default by a selected entity (or entities) has occurred. In event of a default, the seller must pay the buyer the “par value” (full notional value) of the reference obligation in exchange for the reference obligation. The Fund may act as a buyer or seller of CDS. CDS may involve greater risk than if the Fund had invested in the reference obligation directly.

Leverage Risk

Certain transactions of the Fund, such as futures contracts, swap contracts, reverse repurchase agreements, dollar rolls, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions, may give rise to leverage, causing the Fund to be more volatile than if it had not been leveraged.

Additional Information

Absolute may invest the Fund’s assets in securities and other instruments directly. Absolute may exercise this discretion in order to invest the Fund’s assets pending allocation to a Subadviser, to hedge the Fund against exposures created by the Subadvisers, or to modify the Fund’s exposure to a particular investment or market-related risk. Absolute may exercise its discretion over unallocated assets to invest Fund assets directly and may reallocate to itself assets previously allocated to a Subadviser. There is no fixed or minimum allocation to any Subadviser. In the future, Absolute may add or remove Subadvisers.

To manage risk or enhance return (including through leverage), the subadvisers and/or Absolute directly may invest in derivatives. Some derivatives, such as exchange-traded futures and options on securities, commodities and indexes are standardized contracts that can readily be bought or sold, and whose market values are published daily. Non-standardized derivatives, such as swaps, tend to be more complex and harder to value. The subadvisers and/or Absolute directly may invest in forwards, futures and options contracts and in equity, interest rate, index, credit default swap agreements and currency rate swap agreements. The subadvisers and/or Absolute directly may invest in futures contracts on securities, commodities, and securities indices. The subadvisers and/or Absolute directly may invest in options on securities, securities indices, commodities and futures.

A complete description of the Funds’ investment strategies and risks are outlined in the prospectus and statement of additional information for each fund. We encourage all investors to review those documents in conjunction with this brochure prior to making an investment in our Funds.

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Absolute Partners Fund LP

Principal Investment Strategies

The Partners Fund's investment objective is long-term capital appreciation with a focus on avoiding large permanent losses of capital. The Partners Fund seeks to achieve its investment objective by utilizing a global long/short strategy based on asset-class, country, region, sector, currency or strategic systemic risk factors principally using exchange traded funds, including those organized as grantor trusts ("ETFs"), and options on ETFs both long and short. The strategy may incorporate arbitrage or relative-value positions, or technical considerations.

The Partners Fund's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors that are neither within the control of, nor predictable by, either the General Partner or the Adviser. Such factors include a wide range of economic, political, competitive, and other conditions that may affect investments in general or specific industries or companies.

Counterparty Risk

The Partners Fund may enter into financial instruments or transactions with a counterparty. A counterparty may become bankrupt or otherwise fail to perform its obligations due to financial difficulties, jeopardizing the value of the Partners Fund's investment. The Partners Fund may experience significant delays in recovering an investment in a bankruptcy or other reorganization proceeding, and recover only a limited amount or none of its investment in such circumstances.

Derivatives Risk

Derivatives are financial instruments that have a value which depends upon, or is derived from, a reference asset, such as one or more underlying securities, pools of securities, options, futures, indexes or currencies. Derivatives may result in investment exposures that are greater than their cost would suggest; in other words, a small investment in a derivative may have a large impact on the Partners Fund's performance. The successful use of derivatives generally depends on the Partners Fund's ability to predict market movements.

The Partners Fund may use derivatives as a substitute for taking a position in the reference asset or to gain exposure to certain asset classes. Under such circumstances, the derivatives may have economic characteristics similar to those of the reference asset, and the Partners Fund's investments in the derivatives may be applied toward meeting a requirement to invest a certain percentage of its net assets in instruments with such characteristics. The Partners Fund may use derivatives to hedge (or reduce) exposure to a portfolio asset or risk. The Partners Fund may also use derivatives to manage cash. Derivatives are subject to a number of risks described elsewhere in this section, such as liquidity risk, interest rate risk, credit risk, and general market risks. The Partners Fund's use of derivatives may also expose the Partners Fund to greater or different risks include the following:

Correlation Risk

The risk that derivative instruments may be mispriced or improperly valued and that changes in value of the derivatives may not correlate perfectly with the underlying asset or security.

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Hedging Risk

The risk that derivative instruments used to hedge against an opposite position may offset losses, but they also may offset gains.

Volatility Risk

The risk that, because the Partners Fund may use some derivatives that involve economic leverage, this economic leverage will increase the volatility of a derivative instrument, as they may increase or decrease in value more quickly than the reference asset.

Leverage Risk

Leverage transactions, including investing in certain derivatives, borrowing money, selling securities short and entering into agreements, create the risk of magnified capital losses. The use of leverage may increase (or decrease) the Partners Fund's return when the Partners Fund earns a greater (or lesser) return on leveraged investments than the cost of the leverage. The effect of leverage on the Partners Fund's returns may be magnified by market movements or changes in the cost of leveraging. Changes in interest rates and related economic factors could cause the relationship between the cost of leveraging and the yield on leveraged investments to change in a manner that is unfavorable for the Partners Fund. In an extreme case, the Partners Fund's current investment income may not be sufficient to meet the interest expense of leveraging, and it may be necessary for the Partners Fund to liquidate certain of its investments at an inopportune time. Leverage may exaggerate the effect of a change in the value of the Partners Fund's portfolio securities, causing the Partners Fund to be more volatile than if leverage was not used. The Partners Fund will, where required, reduce leverage risk by either segregating an equal amount of liquid assets or "covering" the transactions that introduce such risk.

Market Events Risk

Turbulence in the financial markets and reduced liquidity in equity, credit and fixed-income markets may negatively affect issuers worldwide, which could have an adverse effect on the Partners Fund. Following the financial crisis that began in 2007, the Federal Reserve has attempted to stabilize the U.S. economy and support the U.S. economic recovery by keeping the federal funds rate at or near zero percent. In addition, the Federal Reserve has purchased large quantities of securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities on the open market, a strategy known as quantitative easing. As the Federal Reserve tapers or reduces quantitative easing, and if the Federal Reserve raises the federal funds rate, there is a risk that interest rates across the U.S. financial system will rise. These policy changes may expose markets to heightened volatility and may reduce liquidity for certain Partners Fund investments, causing the value of the Partners Fund's investments and share price to decline. To the extent that the Partners Fund experiences high redemptions because of these governmental policy changes, the Partners Fund may experience increased portfolio turnover, which will increase the costs that the Partners Fund incurs and will lower the Partners Fund's performance.

Options Risk

The Partners Fund's investment in options may have additional risks. The success of the Partners Fund's investment in options depends upon many factors, such as the price of the options which is a function of interest rates, volatility, dividends, the exercise price, stock price and other market factors. These factors may

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change rapidly over time. There may also be an imperfect correlation between the prices of options and movements in the price of the securities (or indices) hedged or used for cover which may cause a given hedge not to achieve its objective. In addition, each over-the-counter (“OTC”) option exposes the Partners Fund to counterparty risk, and the Adviser may determine to concentrate any or all of its OTC option transaction with a single counterparty or a small group of counterparties. If a counterparty defaults, the Partners Fund’s only recourse will be to pursue contractual remedies against the counterparty, and the Partners Fund may be unsuccessful in its pursuit. The Partners Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to an OTC options transaction.

Registered Investment Company and Exchange-Traded Funds Risk

The risks of investment in these securities typically reflect the risks of the types of instruments in which the investment company and ETF invests. When the Partners Fund invests in investment company securities or ETFs, Limited Partners of the Partners Fund bear their proportionate share of their fees and expenses, as well as their share of the Partners Fund’s fees and expenses. As a result, an investment by the Partners Fund in an investment company or ETF could cause the Partners Fund’s operating expenses to be higher and, in turn, performance to be lower than if it were to invest directly in the instruments underlying the investment company or ETF. To the extent that the Partners Fund invests in any investment company or ETF sponsored by the Adviser or its affiliates, the General Partner may waive certain fees and expenses. The trading in an ETF may be halted if the trading in one or more of the ETF’s underlying securities is halted.

Short Selling Risk

The Partners Fund may engage in short sales of securities by borrowing a security and then selling it. If the Partners Fund buys back the security at a higher price, the Partners Fund will incur a loss on the transaction. Furthermore, because the loss on a short sale stems from increases in the value of the security sold short, the extent of such loss is theoretically unlimited. Short sales may involve additional transactions costs and other expenses that may exceed the return on the position, which may cause the Partners Fund to lose money. Short sales may decrease the liquidity of certain securities or positions, or the Partners Fund as a whole, and may lower the Partners Fund’s returns or result in a loss. A short sale may create leverage and as a result, may cause relatively smaller adverse market movement to have a disproportionate impact on the Partners Fund’s performance. In addition, there is no guarantee that the Partners Fund will be permitted to continue to engage in short sales, which are designed to earn the Partners Fund a profit from the decline of the price of a security.

In addition, when the Partners Fund is selling stocks short, it must maintain a segregated account with its custodian of cash and/or high-grade securities equal to the current market value of the stocks sold short less any collateral deposited with the Partners Fund’s broker. As a result, the Partners Fund may maintain high levels of cash or liquid assets (such as U.S. Treasury bills, money market accounts, repurchase agreements, certificates of deposit, high quality commercial paper and long equity positions) for collateral needs in addition to incurring the same Segregation Risk as in Derivatives Risk. See “Derivatives Risk, Segregation Risk.”

Systemic Risk

World events and/or the activities of one or more large participants in the financial markets and other events or activities of others could result in a temporary systemic breakdown in the normal operation of

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financial markets. Such events could result in the Partners Fund losing substantial value caused predominantly by a general loss of liquidity in the financial markets, which could result in the Partners Fund incurring substantial losses.

For a complete overview of risks associated with the Partners Fund, please refer to the private fund offering documents.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no disciplinary information to report.

Item 10: Other Financial Industry Activities and Affiliations

Anthony R. Bosch (Chief Compliance Officer) Christian Aymond and Brian Hlidek, all Officers of Absolute Investment Advisers LLC are registered representatives of Foreside Fund Distributors, LLC, an unaffiliated broker-dealer that acts as a limited purpose distributor for the Absolute Funds.

Item 11: Code of Ethics

Absolute has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, guidelines surrounding gifts and business entertainment items, personal securities trading procedures, conflicts of interest, among other things. All supervised persons must acknowledge the terms of the Code annually, or as amended.

The Code establishes standards and procedures for the detection and prevention of inappropriate personal securities transactions by persons having knowledge of the investments of the Absolute Funds and addresses other situations involving a potential conflict of interest.

The Code is intended to ensure that the employee conduct is in accordance with the following principles:

- 1) The duty at all times to place first the interest of Clients;
- 2) The requirement that all personal securities transactions are in compliance with the Code in order to avoid any actual or potential conflict of interest or any abuse of an individual's responsibility and position of trust;
- 3) The fundamental standard that Absolute personnel not take appropriate advantage of their positions; and

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- 4) The fundamental standard that Absolute and its associated persons have a fiduciary obligation to its clients.

Generally, Absolute requires pre-clearance and reporting of covered securities and accounts for the firm's Access Persons. However, certain covered securities do not require pre-clearance but are subject to the reporting requirements. All covered security transactions are reviewed for compliance in accordance with the Code.

A copy of the Code of Ethics may be obtained by sending an email to info@absoluteadvisers.com or by phoning us at 781.740.1904.

The Adviser or the Funds may affect certain affiliated transactions, including transactions in accordance with Section 17 of the Investment Company Act of 1940.

Item 12: Brokerage Practices

The Absolute Funds

Generally, the subadvisers are responsible for making all decisions with respect to the Absolute Fund investments and brokerage. Absent instructions of the Adviser to the contrary, the subadvisers shall, in the name of the Absolute Funds, place orders for the execution of portfolio transactions with or through such brokers, dealers or other financial institutions as they may select. In addition, the subadvisers may exercise authority with respect to all other things necessary or incidental to the furtherance or conduct of such purchases, sales or other transactions, including voting of proxies with respect to securities owned by the Funds, subject to such proxy voting policies as approved by the funds' Board.

Absolute retains the discretion to invest the Absolute Funds' assets in securities and other instruments directly. We may exercise this discretion in order to invest the Absolute Funds' assets pending allocation to a subadviser, to hedge against overall fund exposures created by the subadvisers, or to increase or reduce the Absolute Funds' net market or investment exposure or exposure to a particular issuer, sector or industry, which may involve leverage. Absolute may exercise its discretion over unallocated assets or may reallocate to itself assets previously allocated to a subadviser.

Generally, Absolute may use futures, forwards and options to reduce the risk of market movements that may impact the Absolute Funds (i.e. managing exposure). The Absolute Funds may invest in derivatives to hedge (or reduce) its exposure to a portfolio asset or risk, to obtain leverage for speculative purposes, to modify the net market or investment exposure, or to manage cash and/or as a substitute for taking a position in the reference asset or to gain exposure to certain asset classes.

In placing orders for securities transactions not otherwise delegated to a subadviser, our primary consideration in executing transactions on behalf of the Absolute Funds is prompt execution of orders in an effective manner and at the most favorable priced available. To achieve best execution, we consider several factors, including but not limited to the size of the order, overall trading volume, the difficulty of execution, etc. In recognition of the

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value of the foregoing factors, Absolute may place portfolio transactions through a broker or dealer with whom we have negotiated a commission that is in excess of the commission another broker would have charged for effecting that transaction. Transactions are made independently with respect to each fund and are not aggregated.

Soft Dollars / Directed Brokerage

Absolute does not participate in any soft dollars or directed brokerage arrangements.

The Partners Fund

Consistent with the Adviser's obligation to obtain "best execution" for each securities transaction made on behalf of the Partners Fund, the Adviser has the sole and absolute power and authority to determine the brokers to be used for each securities transaction for the Partners Fund. In selecting brokers or dealers to execute transactions, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. In selecting brokers, the Adviser may or may not negotiate "execution only" commission rates; thus, the Partners Fund may be deemed to be paying for other services provided by the broker to the Partners Fund or the Adviser or its affiliates which are included in the commission rate. In negotiating commission rates, the Adviser will take into account factors such as price, the ability of the brokers and dealers to effect the transactions, their facilities, reliability and financial responsibility, and in consideration of their provision or payment of the costs of research and brokerage services. Accordingly, if the Adviser determines, in good faith, that the commissions charges of a broker are reasonable in relation to the value of the research or other services provided by such broker, the Partners Fund may pay commissions to such broker that are greater than those another broker might charge.

Therefore, the Partners Fund may be deemed to be paying for research and brokerage products and services with "soft" or commission dollars. Although the Adviser believes the Partners Fund will benefit from many of the services obtained with soft dollars generated by Partners Fund trades, the Partners Fund will not benefit exclusively. The Adviser may also derive direct or indirect benefits from some or all of these services, particularly to the extent that the Adviser uses "soft" or commission dollars to pay for research and brokerage products and services that the Adviser would otherwise be required to pay itself.

Section 28(e) of the Exchange Act provides a "safe harbor" to investment managers who use commission dollars generated by their advised accounts to obtain "research" and "brokerage" products and services that provide lawful and appropriate assistance to the manager in the performance of investment decision-making responsibilities. Research or brokerage products and services provided by brokers through which portfolio transactions for the Partners Fund are executed may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, online quotations, news and research services, and other research-related services (e.g., computer and telecommunications equipment and software). To the extent the Partners Fund engages in "soft dollars," all such activities shall be within the Section 28(e) safe harbor.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual business received by any broker may be less than the suggested allocations, but can, and often

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does, exceed the suggestions, because total transaction volume is allocated on the basis of all the considerations described above. A broker will not be excluded from executing transactions for the Partners Fund solely because it has been identified as not providing soft dollar items.

Portfolio Turnover

The Adviser will buy and sell securities or options for the portfolio as necessary to achieve the Partners Fund's objective without regard to the frequency of turnover. The Partners Fund has no restrictions as to the amount of portfolio turnover. If the Adviser trades securities or options for the short term, the Partners Fund's turnover can be expected to increase. The Partners Fund's turnover will vary over time depending on the investment opportunities available. A high turnover rate involves greater brokerage commissions paid by the Partners Fund.

Item 13: Review of Accounts

The Absolute Funds

Reviews

Absolute allocates assets to various subadvisers who exercise full discretion over any assets allocated to them. Each subadviser has implemented their own policies and procedures with respect to reviewing the funds' portfolios on an ongoing basis to determine compliance with the Funds' registration statement and applicable regulatory requirements.

Absolute, in its role as Adviser, provides additional oversight with respect to the Absolute Funds and services provided to the Absolute Funds. The Portfolio Manager monitors the portfolios on an ongoing basis, focusing on short and long range parameters of risk, performance and diversification. The Vice President of Operations and/or the Vice President of Portfolio Management review post-trade and compliance monitoring reports on a regular basis and maintain ongoing dialog with the subadvisers. Reviews of compliance checklists and questionnaires completed by each subadviser are also performed on a quarterly basis.

Reporting

Absolute provides quarterly reports to the Funds' trustees and/or Fund CCO. Information provided includes, but is not limited to, investment management updates from the Portfolio Manager, a brokerage summary report, general updates regarding the subadvisers and compliance updates with respect to Absolute or the subadvisers.

Item 14: Client Referrals and Other Compensation

Absolute may compensate financial institutions for providing marketing or client support services, including third party marketing support services, program service payments, finders fees, business planning assistance, advertising, education, providing placement on the financial institution's list of offered funds, counseling on the

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preparation of sales material and presentations and arranging access to sales meetings, and to sales representatives and management representatives of the Financial Institutions.

These payments are generally based on one or more of the following factors: average net assets of the Fund shares, gross or net sales of Fund shares, reimbursement of ticket charges (including fees that a dealer firm charges its representatives for effecting transactions in fund shares and payments for processing transactions via National Securities Clearing Corporations (“NSCC”)) or a negotiated lump sum payment for services rendered. In addition, program servicing payments may be paid in some instances to third parties in connection with investments in the funds by retirement plans and other investment programs. Absolute may make on-time or annual payments to select financial institutions receiving program servicing payments in reimbursement of printing costs for literature for participants, account maintenance fees or fees for establishment of Absolute’s mutual funds on the financial institution’s system. Absolute, at its expense, may provide additional compensation to financial institutions which sell or arranges for the sale of shares of the Funds to the extent not prohibited by laws or FINRA rules. Such compensation provided by Absolute may include financial assistance to financial institutions that enable Absolute to participate in and/or present at conferences or seminars, sales or training programs for invited registered representatives and other dealer employees, dealer entertainment, and other dealer-sponsored events, and travel expenses, including lodging incurred by registered representatives and other employees in connection with prospecting retention and due diligence trips.

Absolute may, at its own expense, compensate the financial institutions in connection with the sale or expected sale of fund shares and it may sponsor various promotional activities held by the financial institutions to promote sales of the funds. Certain financial institutions may provide administrative services (such as sub-transfer agency, record-keeping or shareholder communications services) to investors purchasing shares of the funds through retirement plans and other investment programs. A financial institution may perform program services itself or may arrange with a third party to perform program services. In addition to participant recordkeeping, reporting, or transaction processing, program services may include services rendered in connection with fund/investment selection and monitoring, employee enrollment and education, plan balance rollover or separation, or other similar services. Absolute or the funds (if approved by the Trustees) may pay fees to these financial institutions for their services. Absolute may compensate financial institutions differently depending upon, among other factors, the level and/or type of marketing support provided by the institution. Such payments will create an incentive for the financial institutions to recommend that investors purchase fund shares.

The Partners Fund

Reviews

Portfolio reviews are primarily conducted by the Portfolio Manager on a daily basis. The Portfolio Manager continuously reviews the investments in the portfolio to ensure that its investments are consistent with the investment objectives, philosophy, strategy and methodologies that are described to the Limited Partners in our offering documents and to ensure that the general levels of investment, position concentration and other measures of risk and potential reward in the portfolio are consistent with the investment strategy.

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Reporting

Monthly capital statements are sent to each Limited Partner by the Administrator summarizing the investor's individual performance.

On an annual basis, each Limited Partner receives a copy of the Partners Fund's audited financial statements prepared by the independent auditors and tax reporting information. The Adviser also provides additional information as requested by our Limited Partners provided that such requests are deemed reasonable in content and scope.

Item 15: Custody

The Absolute Funds

Absolute's clients are two open-end mutual funds. As such, Absolute does not have custody of client assets. Cash and securities are maintained by the Funds' Custodian, which has been approved by the Absolute Funds' Board.

The Partners Fund

The Adviser does not maintain physical possession of client cash and/or securities. However, as the investment manager and the General Partner, as relying adviser, for the Partners Fund, the Adviser does have access to cash and securities in the Partners Fund, along with the authority to perform various acts that may be deemed to result in custody, as defined under Rule 206(4)-2 of the Advisers Act.

Consistent with the requirements under the Advisers Act, the assets of the Partners Fund are held in an account maintained with its broker, who is a "qualified custodians" within the meaning of the Advisers Act. The Partners Fund's broker is a registered broker-dealer that hold the Partners Fund assets in a separate account (or in a separate customer account with records identifying the assets of the Partners Fund in accordance with applicable broker-dealer and custodial bank regulation).

Securities are maintained at the broker and cash is kept at the broker in the Partners Fund's bank account which is administered by the Administrator. The Administrator oversees all cash transfers into and out of the Partners Fund.

The financial statements of the Partners Fund is audited annually (in accordance with GAAP) by an independent public accounting firm that is registered with, and subject to regular inspection by, the PCAOB (the Public Company Accounting Oversight Board). Copies of the audited financial statements are independently distributed to each Limited Partner within 120 days of the Partners Fund's fiscal year end.

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Item 16: Investment Discretion

Absolute Funds

Absolute receives discretionary authority from its clients (the Absolute Funds) pursuant to the investment management agreements. Absolute's primary role is to select subadvisers to manage the Funds' assets and to allocate assets among the selected subadvisers. Discretionary authority is transferred to the subadvisers pursuant to an investment management agreement between Absolute and each respective subadviser. In all cases, discretion is exercised in a manner consistent with the stated investment objectives for the particular client account.

Partners Fund

The Adviser has full discretionary authority over all assets it manages for the Partners Fund, consistent with the investment objectives and strategy described in the Partners Fund's confidential private offering memoranda and subject to any restrictions from time to time communicated by the Partners Fund or otherwise set forth in such private offering memoranda. This discretionary authority is conferred on the Adviser as set forth in the Partnership Agreement and as provided in the power of attorney executed by Limited Partners in connection with their initial investment in the Partners Fund. The Adviser does not provide advisory services directly to Limited Partners in the Partners Fund.

Item 17: Voting Client Securities

Each subadviser is responsible for voting proxies with respect to the portfolio of securities they manage on behalf of our Funds. The subadvisers maintain documentation of all proxies/corporate action information that was received, records of how the proxies were voted, when the vote was submitted, and any other applicable details that may be needed in order to facilitate the Administrator in filing Form N-PX on behalf of the Absolute Funds.

Proxy voting is generally not applicable to Absolute given the type of securities we transact in (futures) on behalf of the Absolute Funds. However, we have adopted the Forum Funds' Proxy Voting Procedures should we have proxy voting responsibilities at any time in the future.

Proxy Voting for the Partners Fund

The Adviser has adopted a proxy voting policy to facilitate the voting of proxies in what we perceive to be in the best interests of the Partners Fund. We recognize our fiduciary obligation and will comply with our obligations under Rule 206(4)-6 under the Advisers Act.

The Portfolio Manager is responsible for making decisions with respect to voting proxies. The VP of Operations is responsible for facilitating the overall voting process—from receipt of the proxies to casting the votes, and for working with the CCO to ensure accurate and adequate disclosure in Form ADV Part 2.

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We have identified a limited range of issues upon which Absolute intends to exercise proxy voting authority - either to register disapproval of management proposals or to demonstrate support for company initiatives through positive use of voting powers. These issues are outlined as follows:

Absolute will use reasonable efforts to determine whether a potential conflict may exist, and a potential conflict shall be deemed to exist only if the Adviser actually knew or should have known of the conflict.

All employees are obligated to disclose any potential conflict to the CCO and the Portfolio Manager. Materiality determinations will be based on an assessment of the particular facts and circumstances and consultation with outside counsel, as necessary. The CCO shall document the method used to resolve conflicts of interest and maintain supporting documentation in accordance with regulatory requirements. The Firm shall maintain proxy voting records in accordance with regulatory requirements.

A copy of our Proxy Voting Policy and Procedures for both the Absolute Funds and the Partners Fund, as well as information related to how proxies were voted may be obtained by sending an email to info@absoluteadvisers.com or by phoning us at 781.740.1904.

Item 18: Financial Information

Registered investment advisers are required in this item to provide you with certain financial information or disclosures about Absolute's financial condition. Absolute has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.