APRIL 15, 2013

"Do not let the perfect be the enemy of the good."

-Paraphrased from Voltaire's *La Begueule*

S/A

Dear Investor,

After nearly four long years of stuffing the virtual mattresses of low return bond funds and no-return money market funds, it appears investors are slowly returning to the stock market. Following a robust gain of 16% in 2012, the S&P 500 rallied a further 10% in the first quarter of this year. While we are not in the camp that believes the stock market is the proverbial shark lurking beneath the surface, we do believe that it is important to strike the right note of caution. Eighteen months ago, the S&P 500 stood at 1136 and caution was the accepted mode. Investors feared the worst and planned accordingly. As we wrote in October of 2011, there was very little risk of the actual outcome being worse than the conventional fears. Since that time, stocks have advanced smartly (35-45% depending on the index one tracks) and most benchmarks have attained all-time nominal highs. Still, stocks are not particularly overpriced, especially when compared to bonds or other investment alternatives. Though, admittedly, we no longer have the same margin of safety provided by the twin cushions of very low asset prices and extremely negative sentiment.

Interestingly, we sense an effort from the media to paint the current environment as an equity "bubble." It is perfectly reasonable to expect pullbacks; of what duration or severity we cannot say. What we can say is that the headlines screaming about "stock markets at all-time highs" are not necessarily a cause for alarm and, in fact, all-time highs should be expected often from an average of corporate share prices that reflects compounding growth.

More interesting to us is the fact that even at today's prices, stocks are cheaper than they were back in 2007 and certainly cheaper than 2000. At the beginning of this millennium, stocks really were in a bubble, as we are sure most investors remember. The price of the S&P 500 was an unsustainable 30 times its earnings. The comparison between today and 2007 requires a closer examination. At the last market peak on October 9, 2007, nearly 40% of the S&P earnings were produced by financial companies (about 20% today). As we all know, those earnings turned into significant losses within a year. Today, the average price to earnings ratio is actually lower than at the last "all-time high" with significantly less risk due to less balance sheet leverage and improving economic fundamentals. And to restate the obvious, with interest rates at all-time lows, the competition for stocks is considerably less enticing. Stocks are up a good deal and could suffer a short-term pull back, but there is no equity bubble.

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Our Portfolio

Investing is a humbling business. Writing about your investments is even more so. Immediately after we penned our thoughts concerning our recent investment in Boeing, the company's 787 trouble became front page news. Worse, we literally wrote that the 787 problems were largely behind them. For many, this would be enough to be defined as a mistake. But for us, that was not the whole story. First, the other factors that we foresee remain in place; increasing aviation around the world and a replacement cycle within the existing aircraft fleet that will support strong commercial aircraft demand. Boeing's other models remain on track and refresh launches will be very profitable. Lastly, the 787 battery issues are certainly material, but the industry reaction has largely indicated no change in the future for this revolutionary airliner. The Boeing purchase is a strong example of our discipline in examining the downside of a purchase; despite the 787 issues the stock has GAINED approximately 15% since our purchase.

Our work in Boeing led us down the Aviation supply chain to a company with a niche position in the engineered steel and alloy components. Please see the Appendix for a further description of Carpenter Technology Corp.

We made two additional purchases during the first quarter. Celgene is a biopharmaceutical company with a strong product line-up in cancer drugs, and a growing pipeline of potentially blockbuster drugs. Starbucks sells a drug of a different sort. Both stocks are widely owned and have excellent track records of appreciation. However, we believe in both cases the future growth in earnings is not properly discounted by the market. Please see the Appendix for a discussion of our investment thesis for both Celgene and Starbucks.

During the quarter, we sold our long term and successful holding in Checkpoint Systems. Including a partial sale in 2012, the position gained about 60% over the almost three years we held it. Checkpoint is facing increasing competition and, although an excellent company, we identified better opportunities elsewhere.

Concluding Thoughts

The current environment is not without risk. Central Banks, led by the U.S. Federal Reserve, have taken unorthodox and untested approaches to the economic crisis. Budget deficits in the developed world may turn out to be uncontrollable as some critics suggest. Zero percent interest rates are unsustainable as there may be a limit to how much central banks can "print money" without a cost. Arbitrary and "special interest" tax and spending policies continue to create inefficiencies. We are also concerned that central bankers and governments (most recently Japan) are beginning to play fast and loose with currencies in order to make home grown companies more competitive.

We know these conditions are not the main determinant of stock prices. We also know that their direct ill effects are often hard to identify and the relevant time periods can be very long. We believe a well-diversified and reasonably priced portfolio of companies with clean balance sheets, defendable franchises and growing earnings remains the best investment in an uncertain world.

We recognize that the current investing environment is not perfect, but we are cautiously content with the good.

Sincerely,

Spears Abacus

Appendix

Carpenter Technology Corp. (CRS)

The research that we conducted related to our investment in Boeing left us very confident that commercial aircraft order books are well supported by developed and emerging market demand. As we looked down the supply chain for other businesses that might benefit from increased production, we discovered Carpenter Technology Corp. Carpenter Technology Corp. is a producer of ultra-premium steel and alloys. Carpenter's products are differentiated by characteristics such as purity, heat tolerance, strength-to-weight ratios, etc. and are further protected from competition by rigorous vendor production process certifications. Almost half of company sales are generated by providing materials to the aerospace industry. Outside of aerospace, Carpenter is also experiencing favorable demand in its other major end markets of energy (particularly unconventional oil and gas), healthcare and transportation. To meet this growing demand, Carpenter is in the process of constructing a state-of-the-art remelt and finishing facility, which will not only increase pounds of capacity but also support a mix shift towards higher revenue ultra-premium product. We believe that growth in production and favorable mix shift will drive revenue and profit growth well in excess of what is currently being discounted by the market.

Celgene (CELG)

Celgene is a highly profitable global biopharmaceutical company focused on treating cancer and immune-inflammatory diseases. Celgene is best known for its hematology drug, Revlimid, which had sales of $3.7 billion in 2012. Revlimid remains well positioned for continued growth and will remain an important revenue and earnings driver for many years to come. In addition to the continued success of Revlimid, Celgene has sizable growth opportunities that exist as a result of their research and development programs coupled with smart strategic acquisitions (Abraxis and Pharmion). By 2017, Celgene should have four blockbuster drugs under its roof: Abraxane, Apremilast, Pomalyst and Revlimid. Due to the strength in these key products, Celgene should be able to grow its sales by 17% and earnings by 25% per annum for the next five years. We believe the future success of Celgene's products and pipeline are underappreciated by investors and that the next few years will be a rewarding period for shareholders.

Starbucks (SBUX)

Starbucks is the world's leading premium roaster and retailer of coffee and is one of most recognized consumer brands on the planet. The company generates sales from its company-owned stores, licensed stores, consumer product goods business and food service operations. Starbucks' main sales driver is its retail stores, which have grown from 11 stores in 1987 to over 18,000 locations in 61 countries today. Starbucks lost its way in 2007 and 2008 due to their overly aggressive expansion plans, which were exacerbated by the recession. The company made management changes, refocused and halted most retail store expansion through 2010 and emerged a stronger and more diversified growth company. Starbucks business is back on firm footing with revenues up 14% in 2012, marking its highest growth rate in five years. Also, all-time highs were reached on operating margins last year at 15%, despite painfully higher coffee costs. There are several growth drivers and initiatives in place that provide good visibility on margin expansion, sales and earnings growth over the next few years, which include lower coffee costs, accelerated pace of new store openings in the U.S. and China, improvement in food and beverage offerings coming from recent acquisitions (La Boulange, Teavana and Evolution Fresh) and growth in the consumer packaged goods business. These drivers should enable SBUX to grow its sales in the 13% range and earnings at 20% plus over the next three years. We expect that shares will appreciate in line with their growth in earnings.

Spears Abacus BeeHive Fund Performance (Net)

2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
The BeeHive Fund	0.09%	4.57%	1.11%	3.65%	-1.72%	-1.83%	-3.73%	-8.55%	-7.71%	11.38%	-0.94%	0.02%	-5.10%
S&P 500	2.37%	3.43%	0.04%	2.96%	-1.13%	-1.67%	-2.03%	-5.43%	-7.03%	10.93%	-0.22%	1.02%	2.11%

2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
The BeeHive Fund	6.28%	4.00%	1.31%	-2.24%	-8.30%	3.95%	0.65%	3.40%	2.67%	-2.08%	0.97%	1.10%	11.50%
S&P 500	4.48%	4.32%	3.29%	-0.63%	-6.01%	4.12%	1.39%	2.25%	2.58%	-1.85%	0.58%	0.91%	16.44%
2013	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
The BeeHive Fund	5.28%	-0.09%	3.43%										8.80%
S&P 500	5.18%	1.36%	3.75%										10.61%

Trailing 12 months (3/31/13)	
The BeeHive Fund	8.29%
S&P 500	13.96%

Annualized Since Inception (9/2/08)	
The BeeHive Fund	6.25%
S&P 500	6.97%

Spears Abacus Municipal Bond Performance (Net)

2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
SA Bond Account	-0.31%	1.61%	-0.26%	1.19%	0.98%	0.13%	0.80%	1.23%	0.47%	-0.14%	1.46%	1.76%	8.09%

2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
SA Bond Account	1.09%	-0.56%	-0.14%	0.74%	0.41%	0.11%	0.89%	0.20%	0.42%	0.13%	0.41%	-0.41%	4.06%

2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
SA Bond Account	0.09%	0.12%	-0.09%										0.13%

Important Note About Spears Abacus Advisors LLC ("SA") Client Newsletters

SA BeeHive Fund Performance Information

The Fund performance information shown is for The BeeHive Fund, a series of Forum Funds, an investment company registered under the Investment Company Act of 1940. The BeeHive Fund, which is managed by SA, seeks capital appreciation by investing in a concentrated portfolio of companies believed to have dynamic businesses with defensible market positions. The BeeHive Fund invests primarily in equity securities. Performance information for The BeeHive Fund is presented for 2011, 2012 and 2013.

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment in The BeeHive Fund will fluctuate so that the shares in The BeeHive Fund owned by an investor, when redeemed, may be worth more or less than their original cost. The current performance of The BeeHive Fund may be lower or higher than the performance data quoted. S/A has contractually agreed to waive fees and expenses through at least April 30, 2014 so that the net expenses of the fund do not exceed 0.99%. Investors who would like to obtain performance data for The BeeHive Fund that is current to the most recent month-end should call 866-684-4915 (toll free).

The performance information set forth indicates the corresponding return of the Standard & Poor's 500 Total Return Index. The volatility of the S&P 500 Total Return Index (as well as any other index used by SA from time to time) may be materially different from the volatility of The BeeHive Fund. In addition, the securities holdings in The BeeHive Fund differ significantly from the securities that are referenced in the index. The S&P 500 Total Return Index has been selected not to represent an appropriate benchmark to compare results but rather to allow for comparison to the performance of a widely recognized index. SA is not responsible for the accuracy or completeness of any information contained here that was obtained from or compiled by third parties.

Investors should consider the investment objectives, risks, and charges and expenses of The BeeHive Fund carefully before investing. The prospectus and, if available, the summary prospectus of The BeeHive Fund, which may be obtained by telephoning 866-684-4915 (toll free), contain this and other information about The BeeHive Fund. Investors should read the prospectus and, if available, the summary prospectus carefully before investing.

The BeeHive Fund is distributed by Foreside Fund Services, LLC.

SA Municipal Bond Performance

Municipal bond performance information is presented for 2011, 2012 and 2013. The account to which this performance relates was developed to meet the needs of Abacus & Associates Inc., a multi-generation family office that serves high net-worth individuals of varying ages, financial circumstances, and states of residence. SA manages many other tax-exempt fixed-income accounts for which individual portfolio securities are chosen based on the specific characteristics of the client. Because it is difficult to compare the performance of these highly customized accounts to each other or to an index, SA believes that it would be misleading to aggregate the performance of these customized accounts. Upon request, SA will present a model portfolio for a prospective client that is closely customized to his or her individual needs. Returns for other SA accounts may differ from the information presented here. While the performance is based upon the securities actually held in the account, the information does not represent a model portfolio of securities.