

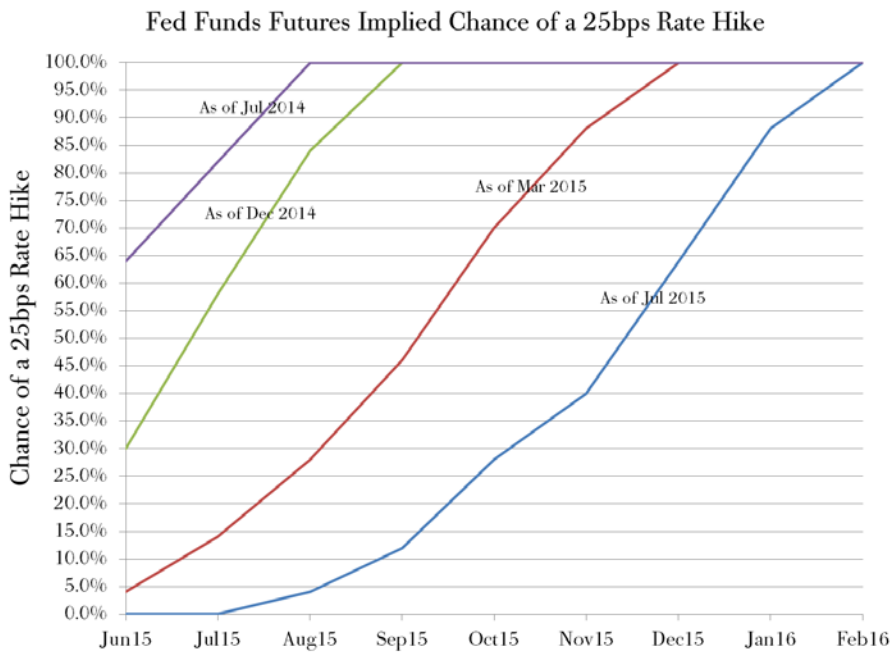


**Dear Client,**

In the second calendar quarter of 2015, the total change in value of the S&P 500 was about ¼ of 1%. In only five quarters over the last 25 years has the S&P 500 moved less. In our last letter we likened the U.S. stock market in the first quarter to a roller coaster; despite dramatic daily fluctuations, it ended the period exactly where it began. The only difference over the past three months was that the wrinkles were ironed out. In the first three months of the year, the market changed value more than 1% on 19 different days; the second quarter was like watching paint dry.

When volatility and trading volume shrink, it is generally a sign that investors are waiting for clearer signals. Though the slow pace of improvement has frustrated some, the U.S. economy has generally delivered good news. Weakness in China and uncertainty in Europe appear to be countervailing forces. More clues will eventually come from the big picture, macroeconomic items that are so difficult to predict: economic growth, value of the dollar, price of energy and U.S. interest rates.

If we had to isolate one key variable, it would probably be the future path of U.S. interest rates. It has been accepted wisdom for some time that the Federal Reserve Board will raise short-term interest rates. It has yet to do so, and the estimated lift-off date keeps getting pushed out. The chart below shows how investors have changed their predictions over the last year. It represents real money at risk in the futures market, not a survey of opinions. Last July, the futures market gave 100% odds that the Fed Funds rate would be increased by ¼ of 1% by this summer. Currently, that prediction has been pushed into January 2016. We'll see...



While others ponder the unpredictable, we continue to focus on the fundamentals of the companies in your portfolio. When all is said and done, we invest in a collection of real businesses that we feel have better than average prospects. Despite a desultory overall market, our companies outperformed the averages, leading to solid positive returns for our portfolios. The quarter was a story of specifics, not generalities. Our best performing holdings represent a diverse collection of industries: healthcare, energy and insurance. We have a solid weighting in financial companies, which performed nicely in the aggregate, despite the fact that ACE Limited was one of our weakest positions in the quarter. Interestingly, on July 1, ACE announced that it intends to acquire competitor Chubb. So far the market has reacted positively.

We neither established nor eliminated any positions during the period. However, our portfolio companies were more active. In addition to the ACE news, Williams Companies announced plans to consolidate a partially owned subsidiary and then just a month later received a takeover proposal from fellow pipeline company, Energy Transfer Equity, at a greater than 30% premium to the previous day's closing price. Williams has rebuffed the initial offer, but we hope that a deal can be struck at a slightly higher price. Danaher Corp., which has proven to be a savvy acquirer, has entered into a two-part transaction with Pall Corp. Pall is a terrific company that we believe is well established as a global leader in purification and filtration solutions. Danaher will acquire Pall for close to \$14 billion and then separate into two publicly traded entities by the end of 2016. We view this as a very positive development.

Investors will eventually regain conviction in a coherent, though not necessarily accurate, view of the future. This period of market doldrums will come to an end, and a direction will be established. A stronger consensus will form on the following:

- the strength of the U.S. economy – we think signs point up
- whether Europe and Japan are finally emerging from their struggles – probably yes for Europe, no for Japan
- whether the Chinese government will be able to manage economic slowdown (“soft landing”) and avoid a more serious accident (“hard landing”) – in our view, the data coming out of China are so unreliable that we are reluctant to hazard a guess, though we are innately skeptical about soft landings.
- when, by how much, or if at all U.S. interest rates will rise – we believe that they will

We continue to retain a cautious optimism, tempered more by the duration and extent of the strong market than by concerns about the future. We have a very high level of conviction in the collection of businesses in which we have invested. Taken as a whole, we feel that our portfolio of companies is significantly more attractive than the overall market.

We hope you have a wonderful summer.

Regards,

*Spears Abacus*

*Spears Abacus BeeHive Fund Performance (Net)*

2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
The BeeHive Fund	5.28%	-0.09%	3.43%	1.28%	3.87%	-1.78%	6.10%	-1.01%	4.78%	1.80%	4.26%	2.92%	35.13%
S&P 500	5.18%	1.36%	3.75%	1.93%	2.34%	-1.34%	5.09%	-2.90%	3.14%	4.60%	3.05%	2.53%	32.39%

2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
The BeeHive Fund	-4.22%	4.86%	0.00%	-0.36%	2.83%	3.67%	-3.07%	3.73%	-3.86%	2.40%	2.82%	-0.65%	7.87%
S&P 500	-3.46%	4.57%	0.84%	0.74%	2.35%	2.07%	-1.38%	4.00%	-1.40%	2.44%	2.69%	-0.25%	13.69%

2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
The BeeHive Fund	-4.88%	6.62%	-1.46%	0.99%	1.26%	-0.28%							
S&P 500	-3.00%	5.75%	-1.58%	0.96%	1.29%	-1.94%							

Trailing 12 months (06/30/15)	
The BeeHive Fund	3.04%
S&P 500	7.42%

Annualized Since Inception (9/2/08)	
The BeeHive Fund	9.01%
S&P 500	9.65%

*Spears Abacus Municipal Bond Performance (Net)*

2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
SA Bond Account	0.09%	0.12%	-0.09%	0.48%	-0.56%	-1.15%	-0.20%	-0.46%	1.08%	0.28%	-0.24%	-0.13%	-0.70%

2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
SA Bond Account	1.10%	0.63%	0.15%	0.96%	1.04%	0.17%	0.34%	0.79%	0.48%	0.52%	0.16%	0.26%	6.43%

2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
SA Bond Account	1.38%	-0.67%	0.33%	-0.32%	-0.17%	0.09%							

*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. Spears Abacus Advisors LLC ("SA") has contractually agreed to waive fees and expenses through at least April 30, 2016 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).*

*1.04%: The total annual fund operating expense ratio, gross of any fee waivers or expense reimbursements, as stated in the fee table of the fund's prospectus, pursuant to FINRA Rule 2210(d)(5).*

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### ***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 2013, 2014 and 2015.

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.

**Risks:** The Fund is subject to various forms of risk including the possible loss of principal. Investing in foreign securities entails risks not associated with domestic equities, including economic and political instability and currency fluctuations. Investing in fixed-income securities includes the risk that rising interest rates will cause a decline in values. Concentration in particular industries or market sectors can cause increased volatility and market risk than is the case with more broadly diversified investments. Investments in securities of small and mid-capitalization companies involve the possibility of greater volatility than investments in larger capitalization companies. Investments in American Depository Receipt involve many of the same risks as investing in foreign securities. Please see the prospectus for a more detailed explanation of these risks.

***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 2013, 2014 and 2015. 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.