

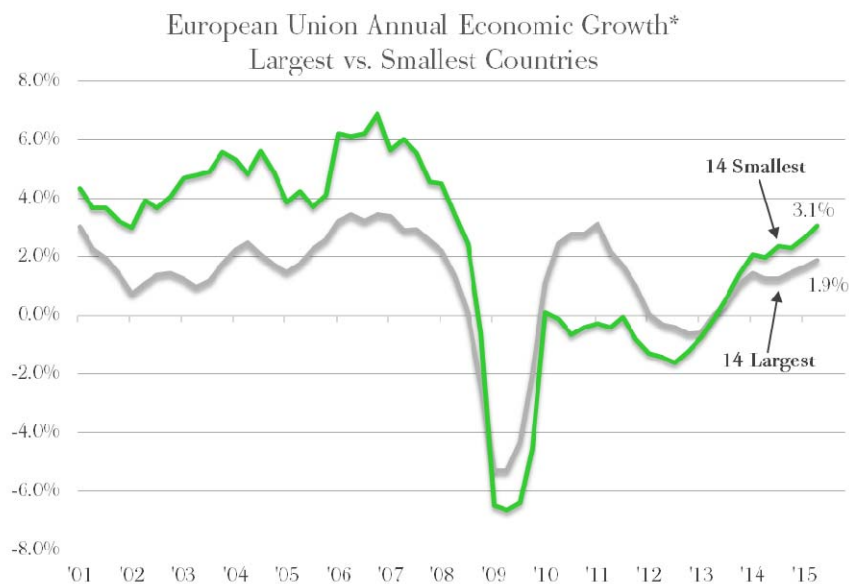
*“Heightened concerns about growth in China and other emerging market economies have led to notable volatility in financial markets” –Janet Yellen, September 18, 2015*



For the first six months of the year, the S&P 500 hardly moved. “Like watching paint dry”, we wrote. What a difference a quarter makes. The third quarter of 2015 was the worst since the same period in 2011. In fact, dating back to 1988, in only five quarters has the S&P 500 fared more poorly, excluding the financial crisis of 2007-2008 and bursting of the internet bubble from 2000 to 2002. Some have voiced concern that we are experiencing the bursting of yet another bubble. Like Fed Chairperson Yellen, we disagree. We would argue that current market volatility is the result of investor uncertainty about economic policy and growth in the world’s two largest economies, the United States and China.

In June, the financial press focused on the real and well documented struggles of Greece (the 45<sup>th</sup> largest economy in the world). By August, attention had shifted to the predicted actions of the U.S. Federal Reserve Bank and the decelerating Chinese economy. Investors hate ambiguity; volatility ensued, at times dramatically.

While markets have been volatile, our view remains steady. We feel that it is a useful oversimplification to focus on three key components of the global economy: The United States, Europe and China. We are encouraged by the fact that two out of the three seem to be showing positive momentum. The U.S. economy is clearly growing. Perhaps not enough to carry the whole world on its shoulders, but at a rate consistent with increased employment and positive consumer sentiment. Europe finally seems to be turning the corner, with green shoots spreading beyond Germany. As can be seen in the chart below, the smallest 14 economies in the EU are now growing faster than the 14 largest.



\* weighted average growth

Source: Stratigas Research Partners



China presents a more complex picture. The government is trying to engineer a shift from a capital investment led economy to a consumer-based one. They will likely succeed, though progress may be uncomfortably slow because personal consumption is only one-third of Chinese gross domestic product (versus more than two thirds in the U.S.). Despite the fact that the People’s Bank of China (PBOC) and the central government will do its best to smooth and/or obfuscate economic indicators, it will likely be a bumpy ride and continue to cause concern for investors for some time to come.

Closer to home, our own central bank, the Fed, may not obfuscate but traditionally closely guards its intentions until it acts. Despite expectations, it did not raise the Fed Funds rate at its September meeting. Inaction, in concert with an uncharacteristic surfeit of communication has led to investor concern about the strength of the U.S. economy (“what does the Fed know that we don’t...”). Short term interest rates will likely rise, perhaps in October or December or next year. The Fed’s first rate hike will be followed by intense speculation about the timing of the second, then third. Does it really matter? We think the impact will be far less than many fear.

What should matter most is the ability of businesses to generate earnings. We feel that in the long run, the outlook for corporate profitability for most industries is favorable (commodity producers are a significant exception). In the short run, we may be in for some uncomfortable surprises. For example, we are not sure investors have adequately measured the potential negative impact of the Latin American operations of large U.S. businesses. In particular, Brazil, the seventh largest economy in the world, is a mess. Its currency, the real, has fallen sharply against the dollar. While poor business conditions and weak currencies in South America and Mexico may hurt some U.S. companies and lead to individual stock volatility, we believe that this may be at worst a short-term concern and should not cause any lasting damage.

On the contrary, we feel that our specific holdings are extremely well-positioned for the long run. On average we hold stocks for three to four years, but that calculation arises from holding some for many years and others for a shorter duration. As the saying goes, we try to trim our weeds but let our flowers grow. We feel that we have a good mix of long-term capital compounders (companies like Danaher, Thermo Fisher Scientific and ACE), beneficiaries of the eventual rise in interest rates (financial companies in general), leaders in healthcare, manufacturing and technology and even a few select “turnarounds” whose businesses we believe are far better than other investors perceive. By most measures our portfolio is cheaper and more financially productive than average. We are confident that is the best formula for long term capital appreciation.

	The Beehive Fund	S&P 500
Price to Prospective Earnings	16.74	17.57
Price to Book Value	1.74	2.37
Long Term Earnings Growth	12.15%	10.04%
Cash Flow Growth	10.09%	5.91%

*Source: Morningstar*

For now, we must sit back and see what the rest of the year brings. No doubt there will continue to be questions about the intentions of the Fed, questions about the strength of the Chinese economy, concerns over the worsening crisis in the Middle East and sympathy for its

vast number of refugees. Will the U.S. congress force a government shutdown in December? Will this election cycle campaign veer into the entertainment section of the press or re-establish itself as a serious political discussion? Will U.S. companies disappoint shareholders with weaker than expected earnings reports? Will we be in for more of the rough ride experienced in the last three months, or will investors look past the immediate challenges in anticipation of an improving global economy? Despite all the static arising from such questions, we will continue to focus on the fundamentals of the portfolio that will ultimately be the true test of value.

*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%	4.25%	-6.99%	-4.16%				-7.08%
S&P 500	-3.00%	5.75%	-1.58%	0.96%	1.29%	-1.94%	3.35%	-6.03%	-2.47%				-5.29%

Trailing 12 months (09/30/15)	
The BeeHive Fund	-2.80%
S&P 500	-0.61%

Annualized Since Inception (9/2/08)	
The BeeHive Fund	7.27%
S&P 500	8.27%

*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%	0.40%	0.30%	0.78%				2.13%

*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.