

Semi-Annual Report
February 28, 2019
(Unaudited)

MAI Managed Volatility Fund

Managed By MAI Capital Management, LLC

TABLE OF CONTENTS

| | |
|--|----|
| Schedule of Investments | 1 |
| Schedule of Call and Put Options Written | 4 |
| Notes to Schedules of Investments and Call and Put Options Written | 5 |
| Statement of Assets and Liabilities | 7 |
| Statement of Operations | 8 |
| Statements of Changes in Net Assets | 9 |
| Financial Highlights | 10 |
| Notes to Financial Statements | 12 |
| Additional Information | 18 |

MAI MANAGED VOLATILITY FUND

SCHEDULE OF INVESTMENTS

FEBRUARY 28, 2019

| Shares | Security Description | Value |
|--------------------------------------|--|------------------|
| Common Stock - 46.0% | | |
| Communication Services - 5.2% | | |
| 1,400 | Alphabet, Inc., Class A ^(a) | \$ 1,577,170 |
| 31,522 | AT&T, Inc. | 980,965 |
| 30,000 | Comcast Corp., Class A | 1,160,100 |
| 7,000 | Facebook, Inc., Class A ^(a) | 1,130,150 |
| 11,100 | The Walt Disney Co. | 1,252,524 |
| 16,900 | Verizon Communications, Inc. | 961,948 |
| | | <u>7,062,857</u> |
| Consumer Discretionary - 3.1% | | |
| 700 | Amazon.com, Inc. ^(a) | 1,147,881 |
| 2,600 | McDonald's Corp. | 477,984 |
| 9,900 | NIKE, Inc., Class B | 848,727 |
| 9,300 | The Home Depot, Inc. | 1,721,802 |
| | | <u>4,196,394</u> |
| Consumer Staples - 3.7% | | |
| 11,600 | Altria Group, Inc. | 607,956 |
| 6,600 | Anheuser-Busch InBev SA/NV, ADR | 515,856 |
| 1,200 | Costco Wholesale Corp. | 262,488 |
| 5,400 | Diageo PLC, ADR | 835,812 |
| 15,500 | Mondelez International, Inc., Class A | 730,980 |
| 9,300 | PepsiCo., Inc. | 1,075,452 |
| 5,000 | The Procter & Gamble Co. | 492,750 |
| 5,800 | Walmart, Inc. | 574,142 |
| | | <u>5,095,436</u> |
| Energy - 3.5% | | |
| 6,000 | Chevron Corp. | 717,480 |
| 5,700 | EOG Resources, Inc. | 535,800 |
| 10,500 | Exxon Mobil Corp. | 829,815 |
| 57,500 | Kinder Morgan, Inc. | 1,101,700 |
| 7,500 | Marathon Petroleum Corp. | 465,075 |
| 8,800 | Occidental Petroleum Corp. | 582,120 |
| 12,900 | Schlumberger, Ltd. | 568,374 |
| | | <u>4,800,364</u> |
| Financials - 6.1% | | |
| 49,000 | Bank of America Corp. | 1,424,920 |
| 3,900 | Berkshire Hathaway, Inc., Class B ^(a) | 785,070 |
| 6,500 | Chubb, Ltd. | 870,350 |
| 13,200 | Citigroup, Inc. | 844,536 |
| 11,900 | JPMorgan Chase & Co. | 1,241,884 |
| 14,000 | MetLife, Inc. | 632,660 |
| 12,000 | The Charles Schwab Corp. | 552,120 |
| 15,800 | U.S. Bancorp | 816,702 |
| 24,400 | Wells Fargo & Co. | 1,217,316 |
| | | <u>8,385,558</u> |
| Health Care - 7.0% | | |
| 14,700 | Abbott Laboratories | 1,141,014 |
| 6,600 | AbbVie, Inc. | 522,984 |
| 2,400 | Allergan PLC | 330,504 |
| 6,500 | Amgen, Inc. | 1,235,520 |
| 10,600 | Bristol-Myers Squibb Co. | 547,596 |
| 8,900 | CVS Health Corp. | 514,687 |
| 4,000 | Gilead Sciences, Inc. | 260,080 |
| 9,100 | Johnson & Johnson | 1,243,424 |
| 10,025 | Medtronic PLC | 907,262 |
| 6,300 | Merck & Co., Inc. | 512,127 |
| 19,900 | Pfizer, Inc. | 862,665 |
| 6,200 | UnitedHealth Group, Inc. | 1,501,764 |
| | | <u>9,579,627</u> |

MAI MANAGED VOLATILITY FUND

SCHEDULE OF INVESTMENTS

FEBRUARY 28, 2019

| Shares | Security Description | Value | | |
|---|--------------------------------------|-------------------|----------|-------------------|
| Industrials - 4.1% | | | | |
| 8,500 | Honeywell International, Inc. | \$ 1,309,595 | | |
| 3,700 | Raytheon Co. | 690,050 | | |
| 3,300 | The Boeing Co. | 1,451,868 | | |
| 4,600 | Union Pacific Corp. | 771,420 | | |
| 7,200 | United Parcel Service, Inc., Class B | 793,440 | | |
| 5,000 | United Technologies Corp. | 628,350 | | |
| | | <u>5,644,723</u> | | |
| Information Technology - 10.1% | | | | |
| 12,700 | Apple, Inc. | 2,199,005 | | |
| 2,400 | Broadcom, Inc. | 660,864 | | |
| 27,300 | Cisco Systems, Inc. | 1,413,321 | | |
| 16,100 | Intel Corp. | 852,656 | | |
| 27,000 | Microsoft Corp. | 3,024,810 | | |
| 23,800 | Oracle Corp. | 1,240,694 | | |
| 17,000 | QUALCOMM, Inc. | 907,630 | | |
| 14,400 | Visa, Inc., Class A | 2,132,928 | | |
| 11,200 | Xilinx, Inc. | 1,403,360 | | |
| | | <u>13,835,268</u> | | |
| Materials - 0.9% | | | | |
| 2,200 | Air Products & Chemicals, Inc. | 398,596 | | |
| 15,700 | DowDuPont, Inc. | 835,711 | | |
| | | <u>1,234,307</u> | | |
| Real Estate - 1.0% | | | | |
| 4,300 | American Tower Corp. REIT | 757,445 | | |
| 24,000 | Weyerhaeuser Co. REIT | 597,360 | | |
| | | <u>1,354,805</u> | | |
| Utilities - 1.3% | | | | |
| 9,700 | NextEra Energy, Inc. | 1,820,884 | | |
| | | <u>1,820,884</u> | | |
| Total Common Stock (Cost \$52,965,634) | | 63,010,223 | | |
| Principal | Security Description | Rate | Maturity | Value |
| Fixed Income Securities - 32.0% | | | | |
| Corporate Non-Convertible Bonds - 0.6% | | | | |
| Communications - 0.3% | | | | |
| \$ 362,000 | The Walt Disney Co. | 0.88% | 07/12/19 | 359,854 |
| Financials - 0.3% | | | | |
| 483,000 | JPMorgan Chase & Co. | 2.20 | 10/22/19 | 481,405 |
| Total Corporate Non-Convertible Bonds (Cost \$840,482) | | | | 841,259 |
| U.S. Government & Agency Obligations - 31.4% | | | | |
| U.S. Treasury Securities - 31.4% | | | | |
| 3,030,000 | U.S. Treasury Bill ^(b) | 2.21 | 04/25/19 | 3,019,006 |
| 6,060,000 | U.S. Treasury Bill ^(b) | 2.30 | 06/20/19 | 6,015,249 |
| 6,100,000 | U.S. Treasury Bill ^(b) | 2.42 | 08/15/19 | 6,031,521 |
| 6,300,000 | U.S. Treasury Bill ^(b) | 2.52 | 09/12/19 | 6,216,820 |
| 6,390,000 | U.S. Treasury Bill ^(b) | 2.71 | 11/07/19 | 6,281,515 |
| 3,150,000 | U.S. Treasury Bill ^(b) | 2.67 | 12/05/19 | 3,090,403 |
| 3,170,000 | U.S. Treasury Bill ^(b) | 2.56 | 01/02/20 | 3,103,769 |
| 3,200,000 | U.S. Treasury Bill ^(b) | 2.54 | 01/30/20 | 3,127,111 |
| 6,130,000 | U.S. Treasury Note | 2.25 | 03/31/20 | 6,110,964 |
| | | | | <u>42,996,358</u> |
| Total U.S. Government & Agency Obligations (Cost \$42,994,684) | | | | 42,996,358 |
| Total Fixed Income Securities (Cost \$43,835,166) | | | | 43,837,617 |

MAI MANAGED VOLATILITY FUND

SCHEDULE OF INVESTMENTS

FEBRUARY 28, 2019

| <u>Shares</u> | <u>Security Description</u> | <u>Value</u> |
|---|---|-----------------------|
| Money Market Fund - 22.6% | | |
| 30,882,083 | Fidelity Investments Money Market Government Portfolio, Class I, 2.28% ^{(c)(d)} (Cost \$30,882,083) | \$ 30,882,083 |
| Investments, at value - 100.6% (Cost \$127,682,883) | | \$ 137,729,923 |
| Total Written Options - (1.1)% (Premiums Received \$(2,048,312)) | | (1,511,703) |
| Other Assets & Liabilities, Net - 0.5% | | 707,112 |
| Net Assets - 100.0% | | \$ 136,925,332 |

MAI MANAGED VOLATILITY FUND
SCHEDULE OF CALL AND PUT OPTIONS WRITTEN
FEBRUARY 28, 2019

| Contracts | Security Description | Strike Price | Exp. Date | Notional Contract Value | Value |
|---|-----------------------------|---------------------|------------------|--------------------------------|-----------------------|
| Written Options - (1.1)% | | | | | |
| Call Options Written - (0.9)% | | | | | |
| (10) | CBOE S&P 500 INDEX S&P 500 | \$ 2,700 | 03/19 | \$ 2,784,490 | \$ (91,550) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,850 | 03/19 | 2,784,490 | (2,975) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,725 | 03/19 | 2,784,490 | (73,500) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,700 | 03/19 | 2,784,490 | (95,800) |
| (15) | CBOE S&P 500 INDEX S&P 500 | 2,800 | 04/19 | 4,176,735 | (46,875) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,920 | 04/19 | 1,392,245 | (550) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,890 | 04/19 | 1,392,245 | (1,415) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,875 | 04/19 | 2,784,490 | (4,700) |
| (15) | CBOE S&P 500 INDEX S&P 500 | 2,780 | 04/19 | 4,176,735 | (65,250) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,770 | 04/19 | 2,784,490 | (50,200) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,750 | 04/19 | 2,784,490 | (64,680) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,700 | 04/19 | 2,784,490 | (105,700) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,660 | 04/19 | 2,784,490 | (140,320) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,775 | 04/19 | 2,784,490 | (51,600) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,750 | 04/19 | 2,784,490 | (76,750) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,770 | 04/19 | 2,784,490 | (62,800) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,800 | 05/19 | 1,392,245 | (25,450) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,780 | 05/19 | 1,392,245 | (31,700) |
| (15) | CBOE S&P 500 INDEX S&P 500 | 2,790 | 05/19 | 4,176,735 | (99,150) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,725 | 05/19 | 1,392,245 | (55,550) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,950 | 12/19 | 1,392,245 | (34,575) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,900 | 12/19 | 2,784,490 | (92,300) |
| Total Call Options Written (Premiums Received \$(694,432)) | | | | | (1,273,390) |
| Put Options Written - (0.2)% | | | | | |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,640 | 03/19 | 1,320,000 | (1,950) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,625 | 03/19 | 1,312,500 | (1,700) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,600 | 03/19 | 1,300,000 | (1,275) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,570 | 03/19 | 1,285,000 | (1,063) |
| (24) | CBOE S&P 500 INDEX S&P 500 | 2,650 | 04/19 | 6,360,000 | (23,880) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,630 | 04/19 | 2,630,000 | (8,700) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,600 | 04/19 | 1,300,000 | (3,450) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,580 | 04/19 | 1,290,000 | (3,050) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,575 | 04/19 | 1,287,500 | (2,875) |
| (15) | CBOE S&P 500 INDEX S&P 500 | 2,570 | 04/19 | 3,855,000 | (8,325) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,550 | 04/19 | 2,550,000 | (5,000) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,650 | 04/19 | 2,650,000 | (17,200) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,625 | 04/19 | 1,312,500 | (7,325) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,600 | 04/19 | 1,300,000 | (6,250) |
| (6) | CBOE S&P 500 INDEX S&P 500 | 2,550 | 04/19 | 1,530,000 | (5,550) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,525 | 04/19 | 2,525,000 | (7,950) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,510 | 04/19 | 1,255,000 | (3,675) |
| (11) | CBOE S&P 500 INDEX S&P 500 | 2,450 | 04/19 | 2,695,000 | (5,830) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,625 | 05/19 | 1,312,500 | (9,250) |
| (10) | CBOE S&P 500 INDEX S&P 500 | 2,575 | 05/19 | 2,575,000 | (13,900) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,530 | 05/19 | 1,265,000 | (5,450) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,500 | 05/19 | 1,250,000 | (4,625) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,650 | 05/19 | 325,000 | (10,700) |
| (27) | CBOE S&P 500 INDEX S&P 500 | 2,625 | 05/19 | 7,087,500 | (69,390) |
| (5) | CBOE S&P 500 INDEX S&P 500 | 2,575 | 05/19 | 1,287,500 | (9,950) |
| Total Put Options Written (Premiums Received \$(1,353,880)) | | | | | (238,313) |
| Total Written Options - (1.1)% | | | | | \$ (1,511,703) |
| (Premiums Received \$(2,048,312)) | | | | | |

MAI MANAGED VOLATILITY FUND**NOTES TO SCHEDULES OF INVESTMENTS AND CALL AND PUT OPTIONS WRITTEN**

FEBRUARY 28, 2019

ADR American Depositary Receipt
 PLC Public Limited Company
 REIT Real Estate Investment Trust

- (a) Non-income producing security.
 (b) Rate presented is yield to maturity.
 (c) All or a portion of this security is held as collateral for written options.
 (d) Dividend yield changes daily to reflect current market conditions. Rate was the quoted yield as of February 28, 2019.

The following is a summary of the inputs used to value the Fund's investments and other financial instruments and liabilities as of February 28, 2019.

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used in the table below, please refer to the Security Valuation section in Note 2 of the accompanying Notes to Financial Statements.

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------------|----------------------|----------------------|----------------|-----------------------|
| Assets | | | | |
| Investments at Value | | | | |
| Common Stock | | | | |
| Communication Services | \$ 7,062,857 | \$ - | \$ - | \$ 7,062,857 |
| Consumer Discretionary | 4,196,394 | - | - | 4,196,394 |
| Consumer Staples | 5,095,436 | - | - | 5,095,436 |
| Energy | 4,800,364 | - | - | 4,800,364 |
| Financials | 8,385,558 | - | - | 8,385,558 |
| Health Care | 9,579,627 | - | - | 9,579,627 |
| Industrials | 5,644,723 | - | - | 5,644,723 |
| Information Technology | 13,835,268 | - | - | 13,835,268 |
| Materials | 1,234,307 | - | - | 1,234,307 |
| Real Estate | 1,354,805 | - | - | 1,354,805 |
| Utilities | 1,820,884 | - | - | 1,820,884 |
| Corporate Non-Convertible Bonds | - | 841,259 | - | 841,259 |
| U.S. Government & Agency Obligations | - | 42,996,358 | - | 42,996,358 |
| Money Market Fund | - | 30,882,083 | - | 30,882,083 |
| Investments at Value | \$ 63,010,223 | \$ 74,719,700 | \$ - | \$ 137,729,923 |
| Total Assets | \$ 63,010,223 | \$ 74,719,700 | \$ - | \$ 137,729,923 |
| Liabilities | | | | |
| Other Financial Instruments* | | | | |
| Written Options | (639,340) | (872,363) | - | (1,511,703) |
| Total Liabilities | \$ (639,340) | \$ (872,363) | \$ - | \$ (1,511,703) |

* Other Financial Instruments are derivative instruments reflected in separate schedules such as written options, which appear in the Schedule of Call and Put Options Written and are valued at their market value at period end.

The Fund utilizes the end of period methodology when determining transfers. There were no transfers among Level 1, Level 2 and Level 3 for the period ended February 28, 2019.

PORTFOLIO HOLDINGS**% of Total Net Assets**

| | |
|--------------------------------------|---------------|
| Common Stock | 46.0% |
| Corporate Non-Convertible Bonds | 0.6% |
| U.S. Government & Agency Obligations | 31.4% |
| Money Market Fund** | 22.6% |
| Written Options | (1.1)% |
| Other Assets & Liabilities, Net | 0.5% |
| | <u>100.0%</u> |

** Used to meet the collateral requirements of a tri-party agreement between the prime broker, custodian and the Fund.

MAI MANAGED VOLATILITY FUND

NOTES TO SCHEDULES OF INVESTMENTS AND CALL AND PUT OPTIONS WRITTEN
FEBRUARY 28, 2019

PORTFOLIO HOLDINGS**% of Common Stock**

| | |
|------------------------|--------|
| Information Technology | 22.0% |
| Health Care | 15.2% |
| Financials | 13.3% |
| Communication Services | 11.2% |
| Industrials | 8.9% |
| Consumer Staples | 8.1% |
| Energy | 7.6% |
| Consumer Discretionary | 6.6% |
| Utilities | 2.9% |
| Real Estate | 2.2% |
| Materials | 2.0% |
| | <hr/> |
| | 100.0% |
| | <hr/> |

MAI MANAGED VOLATILITY FUND
STATEMENT OF ASSETS AND LIABILITIES
FEBRUARY 28, 2019

ASSETS

| | |
|--|--------------------|
| Investments, at value (Cost \$127,682,883) | \$ 137,729,923 |
| Deposits with broker | 506,529 |
| Receivables: | |
| Fund shares sold | 117,779 |
| Investment securities sold | 26,856 |
| Dividends and interest | 281,364 |
| Prepaid expenses | 16,097 |
| Total Assets | <u>138,678,548</u> |

LIABILITIES

| | |
|---|------------------|
| Call options written, at value (Premiums received \$694,432) | 1,273,390 |
| Put options written, at value (Premiums received \$1,353,880) | 238,313 |
| Payables: | |
| Fund shares redeemed | 125,248 |
| Accrued Liabilities: | |
| Investment Adviser fees | 61,149 |
| Trustees' fees and expenses | 333 |
| Fund services fees | 26,407 |
| Other expenses | 28,376 |
| Total Liabilities | <u>1,753,216</u> |

| | |
|-------------------|------------------------------|
| NET ASSETS | <u>\$ 136,925,332</u> |
|-------------------|------------------------------|

COMPONENTS OF NET ASSETS

| | |
|------------------------|------------------------------|
| Paid-in capital | \$ 129,414,668 |
| Distributable earnings | 7,510,664 |
| NET ASSETS | <u>\$ 136,925,332</u> |

SHARES OF BENEFICIAL INTEREST AT NO PAR VALUE (UNLIMITED SHARES AUTHORIZED)

| | |
|----------------------|------------|
| Institutional Shares | 11,923,502 |
| Investor Shares | 37,847 |

NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE

| | |
|---|-----------------|
| Institutional Shares (based on net assets of \$136,481,475) | \$ 11.45 |
| Investor Shares (based on net assets of \$443,857) | <u>\$ 11.73</u> |

MAI MANAGED VOLATILITY FUND
STATEMENT OF OPERATIONS
SIX MONTHS ENDED FEBRUARY 28, 2019

INVESTMENT INCOME

| | |
|---|------------------|
| Dividend income (Net of foreign withholding taxes of \$1,603) | \$ 1,028,772 |
| Interest income | 531,122 |
| Total Investment Income | <u>1,559,894</u> |

EXPENSES

| | |
|---------------------------------------|-----------------|
| Investment Adviser fees | 492,815 |
| Fund services fees | 111,226 |
| Transfer agent fees: | |
| Institutional Shares | 15,540 |
| Investor Shares | 1,289 |
| Non 12b-1 shareholder servicing fees: | |
| Institutional Shares | 49,912 |
| Investor Shares | 252 |
| Distribution fees: | |
| Investor Shares | 580 |
| Custodian fees | 7,425 |
| Registration fees: | |
| Institutional Shares | 9,074 |
| Investor Shares | 8,581 |
| Professional fees | 22,429 |
| Trustees' fees and expenses | 3,843 |
| Other expenses | 23,325 |
| Total Expenses | <u>746,291</u> |
| Fees waived | <u>(95,193)</u> |
| Net Expenses | <u>651,098</u> |

NET INVESTMENT INCOME

908,796

NET REALIZED AND UNREALIZED GAIN (LOSS)

| | |
|--|-----------------------|
| Net realized loss on: | |
| Investments | (1,317,943) |
| Written options | (597,612) |
| Net realized loss | <u>(1,915,555)</u> |
| Net change in unrealized appreciation (depreciation) on: | |
| Investments | (1,169,869) |
| Written options | 786,244 |
| Net change in unrealized appreciation (depreciation) | <u>(383,625)</u> |
| NET REALIZED AND UNREALIZED LOSS | <u>(2,299,180)</u> |
| DECREASE IN NET ASSETS RESULTING FROM OPERATIONS | <u>\$ (1,390,384)</u> |

MAI MANAGED VOLATILITY FUND
STATEMENTS OF CHANGES IN NET ASSETS

| | For the Six Months Ended February 28, 2019 | For the Year Ended August 31, 2018 |
|---|---|---|
| OPERATIONS | | |
| Net investment income | \$ 908,796 | \$ 1,029,977 |
| Net realized gain (loss) | (1,915,555) | 2,619,538 |
| Net change in unrealized appreciation (depreciation) | (383,625) | 6,845,665 |
| Increase (Decrease) in Net Assets Resulting from Operations | <u>(1,390,384)</u> | <u>10,495,180</u> |
| DISTRIBUTIONS TO SHAREHOLDERS | | |
| Institutional Shares | (3,060,552) | (2,885,127)* |
| Investor Shares | (8,201) | (10,333)** |
| Total Distributions Paid | <u>(3,068,753)</u> | <u>(2,895,460)</u> |
| CAPITAL SHARE TRANSACTIONS | | |
| Sale of shares: | | |
| Institutional Shares | 31,042,603 | 22,435,014 |
| Investor Shares | 72,835 | 15,414 |
| Reinvestment of distributions: | | |
| Institutional Shares | 2,977,912 | 2,800,086 |
| Investor Shares | 8,201 | 10,333 |
| Redemption of shares: | | |
| Institutional Shares | (20,312,384) | (22,872,433) |
| Investor Shares | (105,294) | (209,539) |
| Increase in Net Assets from Capital Share Transactions | <u>13,683,873</u> | <u>2,178,875</u> |
| Increase in Net Assets | <u>9,224,736</u> | <u>9,778,595</u> |
| NET ASSETS | | |
| Beginning of Period | 127,700,596 | 117,922,001 |
| End of Period | <u>\$ 136,925,332</u> | <u>\$ 127,700,596***</u> |
| SHARE TRANSACTIONS | | |
| Sale of shares: | | |
| Institutional Shares | 2,696,057 | 1,958,767 |
| Investor Shares | 6,153 | 1,303 |
| Reinvestment of distributions: | | |
| Institutional Shares | 268,238 | 247,046 |
| Investor Shares | 726 | 896 |
| Redemption of shares: | | |
| Institutional Shares | (1,755,659) | (2,014,098) |
| Investor Shares | (9,192) | (18,184) |
| Increase in Shares | <u>1,206,323</u> | <u>175,730</u> |

* Distributions were the result of net investment income and net realized gain of \$889,665 and \$1,995,462, respectively, for the year ending August 31, 2018.

** Distribution was the result of net realized gains for the year ending August 31, 2018.

*** Includes undistributed net investment income of \$255,198 at August 31, 2018. The requirement to disclose the corresponding amount as of February 28, 2018 was eliminated.

MAI MANAGED VOLATILITY FUND
FINANCIAL HIGHLIGHTS

These financial highlights reflect selected data for a share outstanding throughout each period.

| | For the Six Months Ended February 28, 2019 | For the Years Ended August 31, | | | | |
|---|--|--------------------------------|------------|------------|------------|-----------|
| | | 2018 | 2017 | 2016 | 2015 | 2014 |
| INSTITUTIONAL CLASS | | | | | | |
| NET ASSET VALUE, Beginning of Period | \$ 11.87 | \$ 11.15 | \$ 10.57 | \$ 10.40 | \$ 11.49 | \$ 10.93 |
| INVESTMENT OPERATIONS | | | | | | |
| Net investment income (a) | 0.08 | 0.10 | 0.06 | 0.06 | 0.06 | 0.04 |
| Net realized and unrealized gain (loss) | (0.23) | 0.89 | 0.59 | 0.51 | (0.29) | 1.18 |
| Total from Investment Operations | (0.15) | 0.99 | 0.65 | 0.57 | (0.23) | 1.22 |
| DISTRIBUTIONS TO SHAREHOLDERS FROM | | | | | | |
| Net investment income | (0.07) | (0.08) | (0.04) | (0.04) | (0.04) | (0.03) |
| Net realized gain | (0.20) | (0.19) | (0.03) | (0.36) | (0.82) | (0.63) |
| Total Distributions to Shareholders | (0.27) | (0.27) | (0.07) | (0.40) | (0.86) | (0.66) |
| NET ASSET VALUE, End of Period | \$ 11.45 | \$ 11.87 | \$ 11.15 | \$ 10.57 | \$ 10.40 | \$ 11.49 |
| TOTAL RETURN | (1.21)%(b) | 9.02% | 6.20% | 5.65% | (1.99)% | 11.62% |
| RATIOS/ SUPPLEMENTARY DATA | | | | | | |
| Net Assets at End of Period (000s omitted) | \$ 136,481 | \$ 127,214 | \$ 117,287 | \$ 103,436 | \$ 105,857 | \$ 83,343 |
| Ratios to Average Net Assets: | | | | | | |
| Net investment income | 1.38%(c) | 0.85% | 0.59% | 0.55% | 0.53% | 0.32% |
| Net expenses | 0.99%(c) | 0.99% | 0.99% | 0.99% | 0.99% | 0.99% |
| Gross expenses (d) | 1.12%(c) | 1.13% | 1.14% | 1.17% | 1.11% | 1.17% |
| PORTFOLIO TURNOVER RATE | 0%(b) | 21% | 60% | 85% | 147% | 203% |

(a) Calculated based on average shares outstanding during each period.

(b) Not annualized.

(c) Annualized.

(d) Reflects the expense ratio excluding any waivers and/or reimbursements.

MAI MANAGED VOLATILITY FUND
FINANCIAL HIGHLIGHTS

These financial highlights reflect selected data for a share outstanding throughout each period.

| | For the Six Months Ended February 28, 2019 | For the Years Ended August 31, | | | | |
|---|--|--------------------------------|----------|----------|----------|----------|
| | | 2018 | 2017 | 2016 | 2015 | 2014 |
| INVESTOR CLASS | | | | | | |
| NET ASSET VALUE, Beginning of Period | \$ 12.11 | \$ 11.31 | \$ 10.71 | \$ 10.51 | \$ 11.60 | \$ 11.00 |
| INVESTMENT OPERATIONS | | | | | | |
| Net investment income (a) | 0.05 | 0.07 | 0.04 | 0.03 | 0.03 | 0.01 |
| Net realized and unrealized gain (loss) | (0.22) | 0.92 | 0.59 | 0.53 | (0.30) | 1.22 |
| Total from Investment Operations | (0.17) | 0.99 | 0.63 | 0.56 | (0.27) | 1.23 |
| DISTRIBUTIONS TO SHAREHOLDERS FROM | | | | | | |
| Net investment income | (0.01) | - | - | - | - | - |
| Net realized gain | (0.20) | (0.19) | (0.03) | (0.36) | (0.82) | (0.63) |
| Total Distributions to Shareholders | (0.21) | (0.19) | (0.03) | (0.36) | (0.82) | (0.63) |
| NET ASSET VALUE, End of Period | \$ 11.73 | \$ 12.11 | \$ 11.31 | \$ 10.71 | \$ 10.51 | \$ 11.60 |
| TOTAL RETURN | (1.40)%(b) | 8.81% | 5.89% | 5.46% | (2.33)% | 11.62% |
| RATIOS/ SUPPLEMENTARY DATA | | | | | | |
| Net Assets at End of Period (000s omitted) | \$ 444 | \$ 486 | \$ 635 | \$ 596 | \$ 796 | \$ 912 |
| Ratios to Average Net Assets: | | | | | | |
| Net investment income | 0.89%(c) | 0.57% | 0.33% | 0.29% | 0.29% | 0.07% |
| Net expenses | 1.24%(c) | 1.24% | 1.24% | 1.24% | 1.24% | 1.24% |
| Gross expenses (d) | 5.98%(c) | 5.53% | 4.62% | 4.33% | 3.54% | 3.40% |
| PORTFOLIO TURNOVER RATE | 0%(b) | 21% | 60% | 85% | 147% | 203% |

(a) Calculated based on average shares outstanding during each period.

(b) Not annualized.

(c) Annualized.

(d) Reflects the expense ratio excluding any waivers and/or reimbursements.

MAI MANAGED VOLATILITY FUND

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2019

Note 1. Organization

The MAI Managed Volatility Fund (the "Fund") is a diversified portfolio of Forum Funds (the "Trust"). The Trust is a Delaware statutory trust that is registered as an open-end, management investment company under the Investment Company Act of 1940, as amended (the "Act"). Under its Trust Instrument, the Trust is authorized to issue an unlimited number of the Fund's shares of beneficial interest without par value. The Fund currently offers two classes of shares: Institutional Class and Investor Class. Institutional Class and Investor Class commenced operations on September 23, 2010, and December 2, 2010, respectively. The Fund's investment objective is income and long-term capital appreciation. Prior to September 28, 2015, the Fund was named Dividend Plus⁺ Income Fund.

Note 2. Summary of Significant Accounting Policies

The Fund is an investment company and follows accounting and reporting guidance under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946, "Financial Services – Investment Companies." These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of increases and decreases in net assets from operations during the fiscal period. Actual amounts could differ from those estimates. The following summarizes the significant accounting policies of the Fund:

Security Valuation – Securities are valued at market prices using the last quoted trade or official closing price from the principal exchange where the security is traded, as provided by independent pricing services on each Fund business day. In the absence of a last trade, securities are valued at the mean of the last bid and ask price provided by the pricing service. Debt securities may be valued at prices supplied by a fund's pricing agent based on broker or dealer supplied valuations or matrix pricing, a method of valuing securities by reference to the value of other securities with similar characteristics such as rating, interest rate and maturity. Exchange-traded options for which the last quoted sale price is outside the closing bid and ask price, will be valued at the mean of the closing bid and ask price. Short-term investments that mature in sixty days or less may be valued at amortized cost.

The Fund values its investments at fair value pursuant to procedures adopted by the Trust's Board of Trustees (the "Board") if (1) market quotations are not readily available or (2) the Adviser, as defined in Note 3, believes that the values available are unreliable. The Trust's Valuation Committee, as defined in the Fund's registration statement, performs certain functions as they relate to the administration and oversight of the Fund's valuation procedures. Under these procedures, the Valuation Committee convenes on a regular and ad hoc basis to review such investments and considers a number of factors, including valuation methodologies and significant unobservable inputs, when arriving at fair value.

The Valuation Committee may work with the Adviser to provide valuation inputs. In determining fair valuations, inputs may include market-based analytics that may consider related or comparable assets or liabilities, recent transactions, market multiples, book values and other relevant investment information. Adviser inputs may include an income-based approach in which the anticipated future cash flows of the investment are discounted in determining fair value. Discounts may also be applied based on the nature or duration of any restrictions on the disposition of the investments. The Valuation Committee performs regular reviews of valuation methodologies, key inputs and assumptions, disposition analysis and market activity.

Fair valuation is based on subjective factors and, as a result, the fair value price of an investment may differ from the security's market price and may not be the price at which the asset may be sold. Fair

MAI MANAGED VOLATILITY FUND

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2019

valuation could result in a different Net Asset Value ("NAV") than a NAV determined by using market quotes.

GAAP has a three-tier fair value hierarchy. The basis of the tiers is dependent upon the various "inputs" used to determine the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1 - Quoted prices in active markets for identical assets and liabilities.

Level 2 - Prices determined using significant other observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Short-term securities with maturities of sixty days or less are valued at amortized cost, which approximates market value, and are categorized as Level 2 in the hierarchy. Municipal securities, long-term U.S. government obligations and corporate debt securities are valued in accordance with the evaluated price supplied by the pricing service and generally categorized as Level 2 in the hierarchy. Other securities that are categorized as Level 2 in the hierarchy include, but are not limited to, warrants that do not trade on an exchange, securities valued at the mean between the last reported bid and ask quotation and international equity securities valued by an independent third party with adjustments for changes in value between the time of the securities' respective local market closes and the close of the U.S. market.

Level 3 - Significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The aggregate value by input level, as of February 28, 2019, for the Fund's investments is included in the Fund's Notes to Schedules of Investments and Call and Put Options Written.

Security Transactions, Investment Income and Realized Gain and Loss – Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as possible after determining the existence of a dividend declaration after exercising reasonable due diligence. Income and capital gains on some foreign securities may be subject to foreign withholding taxes, which are accrued as applicable. Interest income is recorded on an accrual basis. Premium is amortized and discount is accreted using the effective interest method. Identified cost of investments sold is used to determine the gain and loss for both financial statement and federal income tax purposes.

Written Options – When a fund writes an option, an amount equal to the premium received by the fund is recorded as a liability and is subsequently adjusted to the current value of the option written. Premiums received from writing options that expire unexercised are treated by the fund on the expiration date as realized gain from written options. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the fund has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the fund. The fund, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option. Written options are non-income producing securities.

The values of each individual written option outstanding as of February 28, 2019, are disclosed in the Fund's Schedule of Call and Put Options Written.

Distributions to Shareholders – Distributions to shareholders of net investment income, if any, are declared and paid at least quarterly. Distributions to shareholders of net capital gains, if any, are declared and paid at least annually. Distributions to shareholders are recorded on the ex-dividend

MAI MANAGED VOLATILITY FUND

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2019

date. Distributions are based on amounts calculated in accordance with applicable federal income tax regulations, which may differ from GAAP. These differences are due primarily to differing treatments of income and gain on various investment securities held by the Fund, timing differences and differing characterizations of distributions made by the Fund.

Federal Taxes – The Fund intends to continue to qualify each year as a regulated investment company under Subchapter M of Chapter 1, Subtitle A, of the Internal Revenue Code of 1986, as amended (“Code”), and to distribute all of its taxable income to shareholders. In addition, by distributing in each calendar year substantially all of its net investment income and capital gains, if any, the Fund will not be subject to a federal excise tax. Therefore, no federal income or excise tax provision is required. The Fund files a U.S. federal income and excise tax return as required. The Fund’s federal income tax returns are subject to examination by the Internal Revenue Service for a period of three fiscal years after they are filed. As of February 28, 2019, there are no uncertain tax positions that would require financial statement recognition, de-recognition or disclosure.

Income and Expense Allocation – The Trust accounts separately for the assets, liabilities and operations of each of its investment portfolios. Expenses that are directly attributable to more than one investment portfolio are allocated among the respective investment portfolios in an equitable manner.

The Fund's class-specific expenses are charged to the operations of that class of shares. Income and expenses (other than expenses attributable to a specific class) and realized and unrealized gains or losses on investments are allocated to each class of shares based on the class’ respective net assets to the total net assets of the Fund.

Commitments and Contingencies – In the normal course of business, the Fund enters into contracts that provide general indemnifications by the Fund to the counterparty to the contract. The Fund’s maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote. The Fund has determined that none of these arrangements requires disclosure on the Fund’s balance sheet.

Note 3. Fees and Expenses

Investment Adviser – MAI Capital Management, LLC (the “Adviser”) is the investment Adviser to the Fund. Pursuant to an investment advisory agreement, the Adviser receives an advisory fee, payable monthly, from the Fund at an annual rate of 0.75% of the Fund’s average daily net assets.

Distribution – Foreside Fund Services, LLC serves as the Fund’s distributor (the “Distributor”). The Fund has adopted a Distribution Plan (the “Plan”) for Investor Class shares in accordance with Rule 12b-1 of the Act. Under the Plan, the Fund pays the Distributor and/or any other entity as authorized by the Board a fee of up to 0.25% of the average daily net assets of Investor Class shares. The Distributor is not affiliated with the Adviser or Atlantic Fund Administration, LLC (d/b/a Atlantic Fund Services) (“Atlantic”) or their affiliates.

Other Service Providers – Atlantic provides fund accounting, fund administration, compliance and transfer agency services to the Fund. The fees related to these services are included in Fund services fees within the Statement of Operations. Atlantic also provides certain shareholder report production and EDGAR conversion and filing services. Pursuant to an Atlantic services agreement, the Fund pays Atlantic customary fees for its services. Atlantic provides a Principal Executive Officer, a Principal Financial Officer, a Chief Compliance Officer and an Anti-Money Laundering Officer to the Fund, as well as certain additional compliance support functions.

MAI MANAGED VOLATILITY FUND

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2019

Trustees and Officers – Each Independent Trustee’s annual retainer is \$31,000 (\$41,000 for the Chairman), and the Audit Committee Chairman receives an additional \$2,000 annually. The Trustees and Chairman may receive additional fees for special Board meetings. Each Trustee is also reimbursed for all reasonable out-of-pocket expenses incurred in connection with his or her duties as a Trustee, including travel and related expenses incurred in attending Board meetings. The amount of Trustees’ fees attributable to the Fund is disclosed in the Statement of Operations. Certain officers of the Trust are also officers or employees of the above named service providers, and during their terms of office received no compensation from the Fund.

Note 4. Expense Reimbursements and Fees Waived

The Adviser has contractually agreed to waive its fee and/or reimburse Fund expenses to limit Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement (excluding all taxes, interest, acquired fund fees and expenses, dividends on short sales, brokerage commissions, and extraordinary expenses) to 0.99% and 1.24%, of the Institutional Class and Investor Class, respectively, through at least January 1, 2020. The contractual waivers may be changed or eliminated at any time with consent of the Board. During the period ended February 28, 2019, fees waived were \$84,485 and expenses reimbursed were \$10,708.

The Adviser may be reimbursed by the Fund for fees waived and expenses reimbursed by the Adviser pursuant to the Expense Cap if such payment is made within three years of the fee waiver or expense reimbursement and does not cause the Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement of a class after giving effect to the recouped amount to exceed the lesser of (i) the then-current expense cap, and (ii) the expense cap in place at the time the fees/expenses were waived/reimbursed. As of February 28, 2019, \$580,530 is subject to recapture by the Adviser.

Note 5. Security Transactions

Investment transactions for the year ended August 31, 2018, excluding U.S. Government and Agency securities and short-term investments, were as follows:

| <u>Purchases</u> | - | <u>Sales</u> |
|------------------|---|--------------|
| \$ | - | \$ 591,615 |

Note 6. Summary of Derivative Activity

The volume of open derivative positions may vary on a daily basis as the Fund transacts derivative contracts in order to achieve the exposure desired by the Adviser. The notional value of activity for the period ended February 28, 2019, for any derivative type that was held during the period is as follows:

| | |
|-----------------|----------------|
| Written Options | \$ (5,701,805) |
|-----------------|----------------|

The Fund’s use of derivatives during the period ended February 28, 2019, was limited to written options.

Following is a summary of the effect of derivatives on the Statement of Assets and Liabilities as of February 28, 2019:

MAI MANAGED VOLATILITY FUND
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2019

| <u>Location:</u> | <u>Equity Contracts</u> |
|------------------------------------|-------------------------|
| Liability derivatives: | |
| Call options written | \$ (1,273,390) |
| Put options written | (238,313) |
| Total liability derivatives | <u>\$ (1,511,703)</u> |

Realized and unrealized gains and losses on derivatives contracts during the period ended February 28, 2019 by the Fund are recorded in the following locations on the Statement of Operations:

| <u>Location:</u> | <u>Equity Contracts</u> |
|---|-------------------------|
| Net realized loss on: | |
| Written options | \$ (597,612) |
| Net change in unrealized appreciation (depreciation) on: | |
| Written options | \$ 786,244 |

Asset (Liability) amounts shown in the table below represent amounts for derivative related investments at February 28, 2019. These amounts may be collateralized by cash or financial instruments.

| | <u>Gross Asset (Liability) as Presented in the Statement of Assets and Liabilities</u> | <u>Financial Instruments (Received) Pledged*</u> | <u>Cash Collateral (Received) Pledged*</u> | <u>Net Amount</u> |
|--------------------------------|--|--|--|-------------------|
| Liabilities: | | | | |
| Over-the-counter derivatives** | \$ (1,511,703) | \$ 1,511,703 | - | - |

* The actual financial instruments and cash collateral (received) pledged may be in excess of the amounts shown in the table. The table only reflects collateral amounts up to the amount of the financial instrument disclosed on the Statement of Assets and Liabilities.

** Over-the-counter derivatives may consist of written options contracts. The amounts disclosed above represent the exposure to one or more counterparties. For further detail on individual derivative contracts and the corresponding unrealized appreciation (depreciation), see the Schedule of Call and Put Options Written.

Note 7. Federal Income Tax

As of February 28, 2019, the cost of investments for federal income tax purposes is substantially the same as for financial statement purposes and the components of net appreciation were as follows:

| | |
|-------------------------------|----------------------|
| Gross Unrealized Appreciation | \$ 13,631,867 |
| Gross Unrealized Depreciation | (3,048,218) |
| Net Unrealized Appreciation | <u>\$ 10,583,649</u> |

As of August 31, 2018, distributable earnings (accumulated loss) on a tax basis were as follows:

| | |
|-------------------------------|----------------------|
| Undistributed Ordinary Income | \$ 918,019 |
| Undistributed Long-Term Gain | 1,593,081 |
| Unrealized Appreciation | 9,458,701 |
| Total | <u>\$ 11,969,801</u> |

The difference between components of distributable earnings on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to temporary book/tax differences related to wash sales, straddles, index options and equity return of capital.

MAI MANAGED VOLATILITY FUND

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2019

Note 8. Recent Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2018-13 "Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement" ("ASU 2018-13") which includes amendments intended to improve the effectiveness of disclosures in the notes to financial statements. For example, ASU 2018-13 includes additional disclosures regarding the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and clarifications to the narrative description of measurement uncertainty disclosures. ASU 2018-13 is effective for interim and annual periods beginning after December 15, 2019. Early adoption is permitted and the Fund have adopted ASU 2018-13 within these financial statements.

In September 2018, the Securities and Exchange Commission released Final Rule 33-10532 captioned "Disclosure Update and Simplification," which includes: (i) an amendment to require presentation of the total, rather than the components, of distributable earnings on the Statement of Assets and Liabilities; and (ii) an amendment to require presentation of the total, rather than the components, of distributions to shareholders, except for tax return of capital distributions, on the Statement of Changes in Net Assets. The amendments also removed the requirement for parenthetical disclosure of undistributed net investment income on the Statement of Changes in Net Assets. These changes were effective November 5, 2018. These amendments are reflected in the Fund's financial statements for the period ended February 28, 2019.

In March 2017, the FASB issued ASU No. 2017-08, Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities. The amendments in the ASU shorten the amortization period for certain callable debt securities, held at a premium, to be amortized to the earliest call date. The ASU does not require an accounting change for securities held at a discount; which continues to be amortized to maturity. The ASU is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2018. The Fund has adopted ASU No. 2017-08 within these financial statements.

Note 9. Subsequent Events

Subsequent events occurring after the date of this report through the date these financial statements were issued have been evaluated for potential impact, and the Fund has had no such events.

MAI MANAGED VOLATILITY FUND

ADDITIONAL INFORMATION

FEBRUARY 28, 2019

Investment Advisory Agreement Approval

At the September 14, 2018 Board meeting, the Board, including the Independent Trustees, considered the approval of the continuance of the investment advisory agreement between the Adviser and the Trust pertaining to the Fund (the "Advisory Agreement"). In preparation for its deliberations, the Board requested and reviewed written responses from the Adviser to a due diligence questionnaire circulated on the Board's behalf concerning the Adviser's personnel, operations, financial condition, performance, and services provided by the Adviser. The Board also discussed the materials with Fund counsel and, as necessary, with the Trust's administrator, Atlantic Fund Services. During its deliberations, the Board received an oral presentation from the Adviser, and was assisted by the advice of Trustee counsel.

At the meeting, the Board reviewed, among other matters: (1) the nature, extent and quality of the services provided to the Fund by the Adviser, including information on the investment performance of the Fund and the Adviser; (2) the costs of the services provided and profitability to the Adviser of its relationship with the Fund; (3) the advisory fee and total expense ratio of the Fund compared to a relevant peer group of funds; (4) the extent to which economies of scale may be realized as the Fund grows and whether the advisory fee enables the Fund's investors to share in the benefits of economies of scale; and (5) other benefits received by the Adviser from its relationship with the Fund.

Nature, Extent and Quality of Services

Based on written materials received, a presentation from senior representatives of the Adviser and a discussion with the Adviser about the Adviser's personnel, operations and financial condition, the Board considered the quality of services provided by the Adviser under the Advisory Agreement. In this regard, the Board considered information regarding the experience, qualifications and professional background of the portfolio manager and other personnel at the Adviser with principal responsibility for the Fund, as well as the investment philosophy and decision-making process of those professionals and the capability and integrity of the Adviser's senior management and staff.

The Board considered also the adequacy of the Adviser's resources. The Board noted the Adviser's representation that the firm is financially stable and that the Adviser's financial condition will not impair its ability to provide high-quality advisory services to the Fund. Based on the presentation and the materials provided by the Adviser in connection with the Board's consideration of the renewal of the Advisory Agreement, the Board concluded that, overall, it was satisfied with the nature, extent and quality of services to be provided to the Fund under the Advisory Agreement.

Performance

In connection with a presentation by the Adviser regarding its approach to managing the Fund, the Board reviewed the performance of the Fund compared to its benchmark. The Board observed that the Fund underperformed the S&P 500 Index, the primary benchmark index for the Fund, for the one-, three-, and five-year periods ended June 30, 2018, and for the period since the Fund's inception on September 23, 2010. The Board noted the Adviser's representation that the Fund's primary benchmark index was not necessarily an optimal representation due to the Fund's unique investment strategy, concentrated portfolio and differences in sector weightings relative to the index, though the Adviser believed it to be the best benchmark currently available.

The Board also considered the Fund's performance relative to an independent peer group of funds identified by Broadridge Financial Solutions, Inc. ("Broadridge") noting that, based on the information provided by Broadridge, the Fund outperformed the median of its Broadridge peer group for the one-, three- and five-year periods ended June 30, 2018. Noting the Adviser's representation that its unique approach to managing the Fund made it difficult to identify an appropriate Broadridge peer group, the Board also considered, at the Adviser's request, a group of funds selected by MAI believed to have

MAI MANAGED VOLATILITY FUND

ADDITIONAL INFORMATION

FEBRUARY 28, 2019

investment strategies more closely aligned to that of the Fund than those of the Broadridge peer group ("Comparable Peers"). The Board noted the Adviser's representation that the Fund outperformed the median of the Comparable Peers for the one- and three-year periods ended June 30, 2018 and performed in line with the median of the Comparable Peers for the five-year period ended June 30, 2018. The Board further noted the Adviser's representation that the objective of the Fund is income and long term capital appreciation, including in down markets, achieved in part through writing options, which may not always correlate with performance achieved by the S&P 500 and Broadridge peers. Based on the foregoing and other applicable considerations, the Board determined that the Fund's performance was reasonable and that the Fund and its shareholders could benefit from the Adviser's continued management of the Fund.

Compensation

The Board evaluated the Adviser's compensation for providing advisory services to the Fund and analyzed comparative information on actual advisory fee rates and actual total expenses of the Fund's Broadridge peer group. The Board noted that each of the Adviser's actual advisory fee rate and actual total expense ratio for the Fund were lower than the median of the Broadridge peer group. In addition, the Board noted the Adviser's representation that the Fund receives a discount from the Adviser's standard fee schedule in order to keep the overall expense ratio at a level that the Adviser believes is advantageous to asset accumulation. Based on the foregoing and other applicable considerations, the Board concluded that the Adviser's advisory fee rate charged to the Fund was reasonable.

Cost of Services and Profitability

The Board considered information provided by the Adviser regarding the costs of services and its profitability with respect to the Fund. In this regard, the Board considered the Adviser's resources devoted to the Fund, as well as the Adviser's discussion of costs and profitability. The Board noted the Adviser's representation that it did not maintain separately identifiable profit and loss information for the Fund, however, based on other applicable considerations, including financial statements from the Adviser indicating its profitability and expenses from overall operations, the Board concluded that the Adviser's costs of services and profits attributable to management of the Fund were reasonable in the context of all factors considered.

Economies of Scale

The Board evaluated whether the Fund would benefit from any economies of scale. In this regard, the Board noted the Adviser's representations that the Fund would need additional asset growth in order to achieve economies of scale. Based on the foregoing and other applicable considerations, and in light of the size of the Fund, the Board concluded that economies of scale were not a material factor to consider in approving the continuation of the Advisory Agreement.

Other Benefits

The Board noted the Adviser's representation that, aside from its contractual advisory fees, it does not benefit in a material way from its relationship with the Funds. Based on the foregoing representation, the Board concluded that other benefits received by the Adviser from its relationship with the Fund were not a material factor to consider in approving the continuation of the Advisory Agreement.

Conclusion

The Board did not identify any single factor as being of paramount importance, and different Trustees may have given different weight to different factors. The Board reviewed a memorandum from Fund counsel discussing the legal standards applicable to its consideration of the Advisory Agreement. Based on its review, including consideration of each of the factors referenced above, the Board determined,

MAI MANAGED VOLATILITY FUND

ADDITIONAL INFORMATION

FEBRUARY 28, 2019

in the exercise of its reasonable business judgment, that the advisory arrangement, as outlined in the Advisory Agreement, was fair and reasonable in light of the services performed or to be performed, expenses incurred or to be incurred and such other matters as the Board considered relevant.

Proxy Voting Information

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling (877) 414-7884 and on the U.S. Securities and Exchange Commission's (the "SEC") website at www.sec.gov. The Fund's proxy voting record for the most recent twelve-month period ended June 30 is available, without charge and upon request, by calling (877) 414-7884 and on the SEC's website at www.sec.gov.

Availability of Quarterly Portfolio Schedules

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. These filings are available, without charge and upon request on the SEC's website at www.sec.gov or may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

Shareholder Expense Example

As a shareholder of the Fund, you incur ongoing costs, including management fees, distribution (12b-1) fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from September 1, 2018 through February 28, 2019.

Actual Expenses – The first line under each share class of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during the period.

Hypothetical Example for Comparison Purposes – The second line under each share class of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds.

MAI MANAGED VOLATILITY FUND

ADDITIONAL INFORMATION

FEBRUARY 28, 2019

| | Beginning Account Value September 1, 2018 | Ending Account Value February 28, 2019 | Expenses Paid During Period* | Annualized Expense Ratio* |
|--|--|---|---|--|
| Institutional Shares | | | | |
| Actual | \$ 1,000.00 | \$ 987.91 | \$ 4.88 | 0.99% |
| Hypothetical (5% return before expenses) | \$ 1,000.00 | \$ 1,019.89 | \$ 4.96 | 0.99% |
| Investor Shares | | | | |
| Actual | \$ 1,000.00 | \$ 985.98 | \$ 6.11 | 1.24% |
| Hypothetical (5% return before expenses) | \$ 1,000.00 | \$ 1,018.65 | \$ 6.21 | 1.24% |

* Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year (181) divided by 365 to reflect the half-year period.

MAI Managed Volatility Fund

Investor Class

(DIVPX)

Institutional Class

(MAIPX)

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This report is submitted for the general information of the shareholders of the Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus, which includes information regarding the Fund's risks, objectives, fees and expenses, experience of its management and other information.