Annual Report

December 31, 2016

THE BEEHIVE FUND

Managed by Spears Abacus Advisors LLC

BEEHX

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The views expressed in this report are those of the investment advisor of The BeeHive Fund (the "Fund") as of December 31, 2016, and may not reflect its views on the date this report is first published or any time thereafter. These views are intended to assist shareholders of the Fund in understanding their investments in the Fund and do not constitute investment advice. 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. Focused investments in particular industries or market sectors can entail increased volatility and greater 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 Depositary Receipts involve many of the same risks as investing in foreign securities.

Dear Shareholder,

A Look Back

It is useful to view 2016 in two parts, each with distinctly different market environments. To do so, it is easy to point to a single date that served as the inflection point, and provided a change of leadership. The dividing date was not, however, November 8, but February 11.

Over the first five and a half weeks of the year, the S&P 500 index declined nearly 11%. A sharp decline in the corporate bond market accompanied by a near liquidity crisis in junk bonds made it feel worse. Only the utility sector eked out a positive return; the consumer staple sector was the runner-up with a negative 2% return.

Even without the benefit of a precipitating event, stock and bond markets turned on a dime on February 11. The S&P 500 advanced more than 25% from that date to year-end, accompanied by a clear change in market leadership. The former leaders faded and were replaced by financials and energy, which showed substantial appreciation (50% and 45% respectively) for the duration of the year. The next best performers during the period were industrials and materials, both advancing by more than 33%.

Out of these dry facts, a clear pattern emerges. While safety was of paramount concern at the beginning of the year, by mid-winter, investors began to move decisively toward those industries that benefit most from a stronger economy (energy, materials and industrials) and higher interest rates (financials).

The BeeHive Fund

The BeeHive Fund ("Fund") has benefitted from this rotation and has kept pace with the strong market rise since February. That pattern of results held true for the fourth quarter. Having been a significant drag on returns in January and February, Fund positions in the financial sector have since been meaningfully positive contributors. This was especially true over the last three months. As forcefully as we could, we argued that the group was simply too cheap during the first half of the year. Extremely attractive valuations gave us the patience to maintain significant exposure to high quality banks and insurance companies. Our patience was rewarded.

Unfortunately, the same cannot yet be said for our healthcare investments. As a whole, healthcare has been the most challenging of the broad economic sectors, being the only one to exhibit a negative return for the year. Rising healthcare costs are a concern to all and became an oft-mentioned feature of the campaign trail. As we have written before, a number of bad actors cast an unflattering light on the entire sector. Understandably, investors shied away.

The underperformance was exacerbated over the last few weeks of the year, as investors scrambled to realize whatever tax losses might be available. Just as we did with financial stocks earlier, we firmly believe that the Fund's healthcare investments have potential for meaningful future appreciation. The companies we hold are not bad actors. Their earnings should grow at an attractive rate. Valuations are well below normal. We believe that the laggards of 2016 will become leaders of the future.

Looking Forward

Price is always a good indicator of what investors think, or hope, will happen next. The market as a whole is trading at its highest valuation (as measured by a multiple of anticipated earnings) since the 2008 crisis. Economically sensitive sectors are likewise at high valuations. Defensive sectors (utilities, consumer staples and healthcare) are not. Investors are banking on stronger economic growth leading to an above average increase in earnings.

In order for this to occur, investors seem to be assuming that the U.S. economy will receive assistance from the new administration. Growth-friendly policies might include lower individual and corporate taxes (including some form of incentive for corporations to repatriate at least a portion of the $2.6 trillion they hold abroad) and higher government spending. To a certain extent, the assumption of lower corporate taxes is already reflected in stock prices. Since the election, those companies that would benefit most have outperformed those with already low tax rates.

We think there is a potential wild-card that may contribute to stronger economic growth. We have come to the conclusion that ultra-low interest rates have had the unintended consequence of dampening consumer confidence, thereby keeping a lid on spending.

The theory of aggressive monetary stimulus is that lower interest rates will induce consumers and corporations alike to borrow cheap money and spend more aggressively. In fact, U.S. consumers did just the opposite, paying down mortgage and credit-card debt, while spending (as a percentage of Gross Domestic Product (“GDP”)) stagnated even in the face of the massive windfall of lower energy prices. We think the most logical explanation for this phenomenon is that consumers (especially baby-boomers) recognized that they had to spend less and save more because their capital was earning an inadequate rate of return to fund retirement.

Corporations did in fact take advantage of cheap money by increasing their debt. However, faced with few opportunities to grow revenues, the proceeds of their borrowings went to stock buybacks rather than expanding operations and hiring workers.

Starting in mid-summer, interest rates began to rise around the world. We think that a more normal environment may increase confidence and lead to stronger consumer spending. Personal consumption is roughly two-thirds of total GDP, so the impact could be meaningful. The most recent robust reading of the Michigan Consumer Sentiment survey, and early reports of increased holiday sales, seem to support this theory, but it is too soon to know for sure.

Given high valuations, it appears that optimism is built into markets. Unfortunately, the environment is not without risk. A new administration always introduces an element of forecasting uncertainty; this one seems less predictable than normal. We do not think that investors have adequately accounted for foreign-policy risks, particularly those arising from trade.

Though unlikely, we believe that trade policies that live up to campaign rhetoric could cause a very negative shift in investor sentiment. While we think outright trade wars are improbable, even isolated skirmishes can have unforeseeably negative outcomes. Likewise, greater economic instability in the Eurozone or expanding hostilities in the Middle East could send investors to the sidelines.

Finally, there is always the risk that the most firmly held beliefs will turn out to be unexpectedly wrong. Today there seems to an absolute consensus that U.S. interest rates will continue to rise as the Federal Reserve follows through on its stated intention to increase the overnight borrowing rate. Tied to this is the uniformly held expectation that the U.S. dollar will continue to strengthen indefinitely. We can point to no specific evidence to suggest the imminent reversal of either of those trends; however, unvarying opinion is generally a good cause for healthy skepticism.

Looking forward, we will continue to focus on individual companies and try to take advantage of idiosyncratic opportunities. We will stick to our bedrock belief that successful investing is the product of careful study of the specific rather than the general. We believe the healthcare sector overall is undervalued, but some companies are well positioned to prosper; others will face significant challenges, just as banks and insurance companies outperformed other constituents of the financial sector.

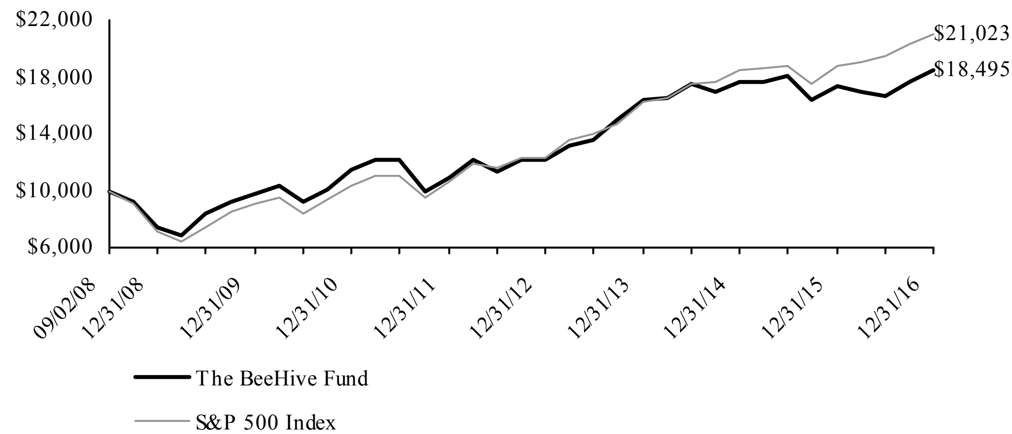
We will not ignore the broader market environment, especially considering the unusually high level of unpredictability surrounding the new administration. As one does, we have drawn a line down the middle of a legal pad and stacked the reasons for optimism on the left and caution on the right. As a backdrop to the overall investment climate, the two columns are fairly well-balanced. Higher than average current valuations, however, argue for somewhat greater than usual caution. Consequently, we have maintained larger than average cash reserves. In part this should serve as a cushion in case of a broad market sell-off. More likely, the cash will allow us to take advantage of bargains should surprises create opportunities.

Regards,

Spears Abacus

The following chart reflects the change in the value of a hypothetical $10,000 investment, including reinvested dividends and distributions, in The BeeHive Fund compared with the performance of the benchmark S&P 500 Index (the "S&P 500") since inception. The S&P 500 is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. The total return of the S&P 500 includes the reinvestment of dividends and income. The total return of the Fund includes operating expenses that reduce returns, while the total return of the S&P 500 does not include expenses. The Fund is professionally managed, while the S&P 500 is unmanaged and is not available for investment.

Comparison of Change in Value of a $10,000 Investment in The BeeHive Fund vs. S&P 500 Index



Average Annual Total Returns as of 12/31/16	One Year	Five Year	Since Inception 09/02/08
The BeeHive Fund	6.11%	11.19%	7.66%
S&P 500 Index	11.96%	14.66%	9.33%

Performance data quoted represents past performance and is no guarantee of future results. *Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than original cost. For the most recent month-end performance, please call (866) 684-4915. As stated in the Fund's prospectus, the annual operating expense ratio (gross) is 0.98%. However, the Fund's advisor has contractually agreed to waive its fee and/or reimburse expenses to limit Total Annual Fund Operating Expenses (excluding taxes, interest, portfolio transaction expenses, and extraordinary expenses) to 0.99%, through April 30, 2017 ("Expense Cap"). The advisor may be reimbursed by the Fund for fees waived and expenses reimbursed by the advisor 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 Fund's total operating expenses (excluding taxes, interest, portfolio transaction expenses, and extraordinary expenses) to exceed the annual rate of average daily assets of the Fund. The Expense Cap may be raised or eliminated only with the consent of the Board of Trustees. Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement will increase if exclusions from the Expense Cap apply.The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns greater than one year are annualized.*

THE BEEHIVE FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2016

Shares	Security Description		Value
Common Stock - 92.8%			
Consumer Discretionary - 11.2%			
8,047	Adient PLC [(a)]	$	471,554
83,880	Comcast Corp., Class A		5,791,914
64,850	Delphi Automotive PLC		4,367,648
13,930	Whirlpool Corp.		2,532,056
			13,163,172
Energy - 2.6%			
36,420	Schlumberger, Ltd.		3,057,459
Financials - 26.2%			
105,250	American International Group, Inc.		6,873,878
44,350	Chubb, Ltd.		5,859,522
100,430	CIT Group, Inc.		4,286,352
63,437	Citigroup, Inc.		3,770,061
53,700	JPMorgan Chase & Co.		4,633,773
100,874	MetLife, Inc.		5,436,100
			30,859,686
Health Care - 14.4%			
23,372	Allergan PLC [(a)]		4,908,354
40,340	Celgene Corp. [(a)]		4,669,355
27,955	Gilead Sciences, Inc.		2,001,858
38,345	Thermo Fisher Scientific, Inc.		5,410,479
			16,990,046
Industrials - 19.7%			
58,130	Danaher Corp.		4,524,839
76,820	Delta Air Lines, Inc.		3,778,776
29,065	Fortive Corp.		1,558,756
187,310	General Electric Co.		5,918,996
80,477	Johnson Controls International PLC		3,314,848
36,355	United Parcel Service, Inc., Class B		4,167,737
			23,263,952
Materials - 2.6%			
40,150	Ball Corp.		3,014,060
Software & Services - 11.7%			
3,082	Alphabet, Inc., Class A [(a)]		2,442,331
2,251	Alphabet, Inc., Class C [(a)]		1,737,367
79,830	Microsoft Corp.		4,960,636
119,780	Oracle Corp.		4,605,541
			13,745,875
Technology Hardware & Equipment - 4.4%			
45,250	Apple, Inc.		5,240,855
Total Common Stock (Cost $69,475,390)			**109,335,105**
Money Market Fund - 7.2%			
8,486,086	Goldman Sachs Financial Square Funds, 0.36% [(b)] (Cost $8,486,086)		8,486,086
Total Investments - 100.0% (Cost $77,961,476)*		**$**	**117,821,191**
Other Assets & Liabilities, Net – 0.0%			**27,542**
Net Assets – 100.0%		**$**	**117,848,733**

PLC Public Limited Company
(a) Non-income producing security.
(b) Variable rate security. Rate presented is as of December 31, 2016.

* Cost for federal income tax purposes is $77,993,412 and net unrealized appreciation consists of:

Gross Unrealized Appreciation	$	40,980,457
Gross Unrealized Depreciation		(1,152,678)
Net Unrealized Appreciation	$	39,827,779

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2016.

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.

Valuation Inputs		Investments in Securities
Level 1 - Quoted Prices	$	109,335,105
Level 2 - Other Significant Observable Inputs		8,486,086
Level 3 - Significant Unobservable Inputs		-
Total	**$**	**117,821,191**

The Level 1 value displayed in this table is Common Stock. The Level 2 value displayed in this table is a Money Market Fund. Refer to this Schedule of Investments for a further breakout of each security by industry.

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 year ended December 31, 2016.

PORTFOLIO HOLDINGS
% of Total Investments

Consumer Discretionary	11.2%
Energy	2.6%
Financials	26.2%
Health Care	14.4%
Industrials	19.7%
Materials	2.6%
Software & Services	11.7%
Technology Hardware & Equipment	4.4%
Money Market Fund	7.2%
	100.0%

THE BEEHIVE FUND
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2016

ASSETS		
Total investments, at value (Cost $77,961,476)	$	117,821,191
Cash		13,400
Receivables:		
Dividends		152,225
Prepaid expenses		3,971
Total Assets		117,990,787
LIABILITIES		
Payables:		
Fund shares redeemed		14,525
Distributions payable		10,810
Accrued Liabilities:		
Investment advisor fees		74,580
Trustees' fees and expenses		260
Fund services fees		15,263
Other expenses		26,616
Total Liabilities		142,054
NET ASSETS	$	117,848,733
COMPONENTS OF NET ASSETS		
Paid-in capital	$	78,020,886
Undistributed net investment income		48
Accumulated net realized loss		(31,916)
Net unrealized appreciation		39,859,715
NET ASSETS	$	117,848,733
SHARES OF BENEFICIAL INTEREST AT NO PAR VALUE (UNLIMITED SHARES AUTHORIZED)		8,261,560
NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE	$	14.26

THE BEEHIVE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016

INVESTMENT INCOME	
Dividend income	$ 2,192,314
Total Investment Income	2,192,314
EXPENSES	
Investment advisor fees	829,657
Fund services fees	175,204
Custodian fees	11,969
Registration fees	5,902
Professional fees	41,986
Trustees' fees and expenses	10,966
Miscellaneous expenses	28,831
Total Expenses	1,104,515
Fees waived and expenses reimbursed	(9,371)
Net Expenses	1,095,144
NET INVESTMENT INCOME	1,097,170
NET REALIZED AND UNREALIZED GAIN (LOSS)	
Net realized gain on investments	1,783,848
Net change in unrealized appreciation (depreciation) on investments	3,997,708
NET REALIZED AND UNREALIZED GAIN	5,781,556
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 6,878,726

THE BEEHIVE FUND
STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015
OPERATIONS		
Net investment income	$ 1,097,170	$ 667,832
Net realized gain (loss)	1,783,848	(1,099,346)
Net change in unrealized appreciation (depreciation)	3,997,708	(1,225,425)
Increase (Decrease) in Net Assets Resulting from Operations	6,878,726	(1,656,939)
DISTRIBUTIONS TO SHAREHOLDERS FROM		
Net investment income	(1,097,141)	(667,776)
Net realized gain	(652,021)	(1,703,272)
Total Distributions to Shareholders	(1,749,162)	(2,371,048)
CAPITAL SHARE TRANSACTIONS		
Sale of shares	3,170,306	3,327,908
Reinvestment of distributions	1,731,885	2,337,365
Redemption of shares	(5,495,791)	(5,375,932)
Increase (Decrease) in Net Assets from Capital Share Transactions	(593,600)	289,341
Increase (Decrease) in Net Assets	4,535,964	(3,738,646)
NET ASSETS		
Beginning of Year	113,312,769	117,051,415
End of Year (Including line (a))	$ 117,848,733	$ 113,312,769
SHARE TRANSACTIONS		
Sale of shares	244,010	238,415
Reinvestment of distributions	120,518	171,001
Redemption of shares	(409,991)	(385,818)
Increase (Decrease) in Shares	(45,463)	23,598
(a) Undistributed net investment income	$ 48	$ 19

See Notes to Financial Statements.

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

	For the Years Ended December 31,				
	2016	**2015**	**2014**	**2013**	**2012**
NET ASSET VALUE, Beginning of Year	$ 13.64	$ 14.13	$ 13.75	$ 10.80	$ 10.35
INVESTMENT OPERATIONS					
Net investment income (a)	0.13	0.08	0.07	0.05	0.07
Net realized and unrealized gain (loss)	0.70	(0.28)	1.00	3.71	1.11
Total from Investment Operations	0.83	(0.20)	1.07	3.76	1.18
DISTRIBUTIONS TO SHAREHOLDERS FROM					
Net investment income	(0.13)	(0.08)	(0.07)	(0.05)	(0.07)
Net realized gain	(0.08)	(0.21)	(0.62)	(0.76)	(0.66)
Total Distributions to Shareholders	(0.21)	(0.29)	(0.69)	(0.81)	(0.73)
NET ASSET VALUE, End of Year	$ 14.26	$ 13.64	$ 14.13	$ 13.75	$ 10.80
TOTAL RETURN	6.11%	(1.42)%	7.87%	35.13%	11.46%
RATIOS/SUPPLEMENTARY DATA					
Net Assets at End of Year (000's omitted)	$117,849	$113,313	$117,051	$111,890	$86,930
Ratios to Average Net Assets:					
Net investment income	0.99%	0.57%	0.50%	0.41%	0.62%
Net expenses	0.99%	0.99%(b)	0.99%(b)	0.99%	0.99%
Gross expenses	1.00%(c)	0.98%	0.98%	1.01%(c)	1.04%(c)
PORTFOLIO TURNOVER RATE	15%	17%	25%	28%	40%

(a) Calculated based on average shares outstanding during each year.
(b) The fees are inclusive of recoupment, which amounted to 0.01% for the year.
(c) Reflects the expense ratio excluding any waivers and/or reimbursements.

Note 1. Organization

The BeeHive 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 commenced operations on September 2, 2008. The Fund seeks capital appreciation.

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 year. 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. Shares of non-exchange-traded open-end mutual funds are valued at net asset value ("NAV"). Short-term investments that mature in 60 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 insufficient or not readily available or (2) the Fund 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 Advisor, as defined in Note 3, to provide valuation inputs. In determining fair valuations, inputs may include market-based analytics which may consider related or comparable assets or liabilities, recent transactions, market multiples, book values and other relevant investment information. Advisor 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 valuation could result in a different NAV than a NAV determined by using market quotes.

The Fund 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 — other significant observable inputs (including quoted prices of similar securities, interest rates, prepayment speeds, credit risk, etc.)

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 December 31, 2016, for the Fund's investments is included at the end of the Fund's Schedule of Investments.

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 the Fund determines 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.

Distributions to Shareholders – The Fund declares any dividends from net investment income and pays them annually. Any net capital gains realized by the Fund are distributed at least annually. Distributions to shareholders are recorded on the ex-dividend 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 December 31, 2016, 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.

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.

Note 3. Fees and Expenses

Investment Advisor – Spears Abacus Advisors LLC (the "Advisor") is the investment advisor to the Fund. Pursuant to an investment advisory agreement, the Advisor 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 Distributor is not affiliated with the Advisor or Atlantic Fund Administration, LLC (d/b/a Atlantic Fund Services) ("Atlantic") or their affiliates. The Fund has adopted a distribution plan in accordance with Rule 12b-1 of the Act. The Fund may pay the Distributor and/or any other entity as authorized by the Board a fee up to 0.25% of the Fund's average daily net assets. The Fund has suspended payments under its Rule 12b-1 plan until further notice and has not paid any distribution fees to date. The Fund may remove the suspension and make payments under the Rule 12b-1 plan at any time, subject to Board approval.

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.

Trustees and Officers – The Trust pays each independent Trustee an annual fee of $50,000 for service to the Trust ($66,000 for the Chairman), and the Audit Committee Chairman and Vice Chairman receive an additional $6,000 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 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 Advisor has contractually agreed to waive a portion of its fee and reimburse certain expenses through April 30, 2017, to limit total annual Fund operating expenses (excluding taxes, interest, portfolio transaction expenses and extraordinary expenses) to 0.99%. For the year ended December 31, 2016, the Advisor waived $9,371.

The Fund may repay the Advisor for fees waived and expenses reimbursed pursuant to the expense cap if such payment is made within three years of the fee waiver or expense reimbursement and the resulting expenses do not exceed the lesser of (i) the then-current expense cap, or (ii) the expense cap in place at the time the fees/expenses were waived/reimbursed. As of December 31, 2016, $9,371 is subject to recapture by the Advisor.

Note 5. Security Transactions

The cost of purchases and proceeds from sales of investment securities (including maturities), other than short-term investments during the year ended December 31, 2016, were $15,621,828 and $20,374,306, respectively.

Note 6. Federal Income Tax

Distributions paid during the fiscal years ended as noted were characterized for tax purposes as follows:

	2016	2015
Ordinary Income	$ 1,097,141	$ 667,813
Long-Term Capital Gain	652,021	1,703,235
	$ 1,749,162	$ 2,371,048

As of December 31, 2016, distributable earnings (accumulated loss) on a tax basis were as follows:

Undistributed Ordinary Income	$ 48
Undistributed Long-Term Gain	20
Unrealized Appreciation	39,827,779
Total	$ 39,827,847

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 wash sales.

Note 7. Recent Accounting Pronouncements

In October 2016, the U.S. Securities and Exchange Commission ("SEC") issued a new rule, Investment Company Reporting Modernization, which, among other provisions, amends Regulation S-X to require standardized, enhanced disclosures, particularly related to derivatives, in investment company financial statements. Compliance with the amendments to Regulation S-X is required for financial statements filed with the SEC on or after August 1, 2017. Management is currently evaluating the impact that the amendments will have on the Fund's financial statements and related disclosures.

Note 8. 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.

To the Board of Trustees of Forum Funds
and the Shareholders of The BeeHive Fund

We have audited the accompanying statement of assets and liabilities of The BeeHive Fund (the "**Fund**"), a series of shares of beneficial interest in Forum Funds, including the schedule of investments, as of December 31, 2016, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended and the financial highlights for each of the years in the five-year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2016 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of The BeeHive Fund as of December 31, 2016, and the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended and its financial highlights for each of the years in the five-year period then ended, in conformity with accounting principles generally accepted in the United States of America.

BBD, LLP

BBD, LLP

Philadelphia, Pennsylvania
February 22, 2017

Investment Advisory Agreement Approval

At the September 8, 2016 Board meeting, the Board, including the Independent Trustees, considered the approval of the continuance of the investment advisory agreement between the Advisor and the Trust pertaining to the Fund (the "Advisory Agreement"). In preparation for its deliberations, the Board requested and reviewed written responses from the Advisor to a due diligence questionnaire circulated on the Board's behalf concerning the Advisor's personnel, operations, financial condition, performance, and services provided by the Advisor. 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 Advisor, 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 Advisor, including information on the investment performance of the Fund and the Advisor; (2) the costs of the services provided and profitability to the Advisor 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 Advisor from its relationship with the Fund.

Nature, Extent and Quality of Services

Based on written materials received, a presentation from senior representatives of the Advisor and a discussion with the Advisor about the Advisor's personnel, operations and financial condition and with the Trust's Chief Compliance Officer about the Advisor, the Board considered the quality of services provided by the Advisor 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 Advisor 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 Advisor's senior management and staff.

The Board considered also the adequacy of the Advisor's resources. The Board noted the Advisor's representation that the firm is in stable financial condition and that the Advisor has the operational capability and the necessary staffing and experience to continue providing high-quality investment advisory services to the Fund for the foreseeable future. Based on the presentation and the materials provided by the Advisor 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 Advisor 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 for the Fund, for the one-, three-, and five-year periods ended June 30, 2016. 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 underperformed the median of its Broadridge peers for the one-, three-, and five-year periods ended June 30, 2016. The Board noted the Advisor's representation that the Fund's underperformance relative to its peer group and benchmark index over the short-term could be attributed to the Fund's overweight positions in non-REIT financial stocks, which were out of favor in the market, and the Fund's absence of any investments in the consumer staples and utility stocks, which were believed by the Advisor to be overvalued, but experienced periods of outperformance relative to the market as a whole. The Board also noted the Advisor's representation that the Fund's longer-term underperformance was largely attributable to the effects on performance during the past two years of a decline in interest rates, which had resulted in increased investments in securities such as consumer staples and utilities stocks, that in the Fund's view caused them to be overvalued. Finally, the Board noted the Advisor's representation that the Fund's holdings that were primary factors in negatively affecting the Fund's performance over the short term had largely stabilized or recovered since the end of June 2016, that the Fund's portfolio possessed favorable growth prospects, and that the stocks were believed to have started to favorably contribute to the Fund's relative performance. Based on the foregoing, the Board determined that the Fund's performance was reasonable and that the Fund and its shareholders could benefit from the Advisor's continued management of the Fund.

Compensation

The Board evaluated the Advisor'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 relevant Broadridge peer group. The Board noted that the Advisor's actual advisory fee rate and the actual total expense ratio for the Fund were each higher than the median of the Broadridge peers. The Board further noted the Advisor's representation that the Advisor's standard fee schedule is applied with respect to the Fund, although regulatory requirements necessitate a disproportionate amount of time and effort be spent on the Fund as compared to the Advisor's other accounts. Based on the foregoing, the Board concluded that the Advisor's advisory fee rate charged to the Fund was reasonable.

Cost of Services and Profitability

The Board considered information provided by the Advisor regarding the costs of services and its profitability with respect to the Fund. In this regard, the Board considered the Advisor's resources devoted to the Fund, as well as the Advisor's discussion of the aggregate costs and profitability of its mutual fund activities. The Board also noted the Advisor's representation that, although the Advisor does not maintain a separate profit and loss analysis specific to the Fund, nor does the Advisor allocate proportional expenses to the Fund, the Fund produces a lower margin than the Advisor's overall advisory business due to the larger allocation of time and expense required by the administrative and compliance efforts necessary to manage the Fund. Based on these and other applicable considerations, the Board concluded that the Advisor's 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 respect, the Board noted the Advisor's representation that the Advisor was open to considering breakpoints in the future if assets increased significantly, but in view of the current level of assets of the Fund, did not believe that breakpoints would be appropriate at this time. Based on the foregoing, 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 Advisor's representation that, aside from its contractual advisory fees, it does not benefit in a material way from its relationship with the Fund. Based on the foregoing representation, the Board concluded that other benefits received by the Advisor 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, 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 (866) 684-4915 and on the SEC's 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 (866) 684-4915 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, D.C. 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 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 July 1, 2016, through December 31, 2016.

Actual Expenses – The first line 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 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.

	Beginning Account Value July 1, 2016	Ending Account Value December 31, 2016	Expenses Paid During Period*	Annualized Expense Ratio*
Actual	$ 1,000.00	$ 1,107.36	$ 5.24	0.99%
Hypothetical (5% return before expenses)	$ 1,000.00	$ 1,020.16	$ 5.03	0.99%

* 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 (184) divided by 366 to reflect the half-year period.

Federal Tax Status of Dividends Declared during the Fiscal Year

For federal income tax purposes, dividends from short-term capital gains are classified as ordinary income. The Fund designates 100% of its income dividend distributed as qualifying for the corporate dividends-received deduction and 100% for the qualified dividend rate as defined in Section 1(h)(11) of the Internal Revenue Code.

Trustees and Officers of the Trust

The Board is responsible for oversight of the management of the Trust's business affairs and of the exercise of all the Trust's powers except those reserved for the shareholders. The following table provides information about each Trustee and certain officers of the Trust. Each Trustee and officer holds office until the person resigns, is removed, or is replaced. Unless otherwise noted, the persons have held their principal occupations for more than five years. The address for all Trustees and officers is Three Canal Plaza, Suite

600, Portland, Maine 04101. Mr. Keffer is considered an Interested Trustee due to his affiliation with Atlantic. The Fund's Statement of Additional Information includes additional information about the Trustees and is available, without charge and upon request, by calling (866) 684-4915.

Name and Year of Birth	Position(s) with the Trust	Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Series of Fund Complex[1] Overseen by Trustee	Other Directorships Held by Trustee
Independent Trustees					
J. Michael Parish Born: 1943	Chairman of the Board; Trustee; Chairman, Nominating Committee and Qualified Legal Compliance Committee	Since 1989 (Chairman since 2004)	Retired since 2003; formerly, Partner, Wolf, Block, Schorr and Solis-Cohen, LLP (law firm) 2002-2003; Partner, Thelen Reid & Priest LLP (law firm) 1995-2002.	24	None
Costas Azariadis Born: 1943	Trustee	Since 1989	Professor of Economics, Washington University since 2006.	24	None
James C. Cheng Born: 1942	Trustee; Chairman, Audit Committee	Since 1989	President, Technology Marketing Associates (marketing company for small- and medium-sized businesses in New England) since 1991.	24	None
David Tucker Born: 1958	Trustee; Vice Chairman	Since 2011 (Vice Chairman since 2015)	Director, Blue Sky Experience (a charitable endeavor) since 2008; Senior Vice President & General Counsel, American Century Companies (an investment management firm) 1998-2008.	47	Trustee, Forum Funds II, Forum ETF Trust and U.S. Global Investors Funds
Interested Trustee					
John Y. Keffer[2] Born: 1942	Trustee; Vice Chairman	Since 1989	Chairman, Atlantic since 2008; President, Forum Investment Advisors, LLC since 2011; President, Forum Foundation (a charitable organization) since 2005; President, Forum Trust, LLC (a non-depository trust company chartered in the State of Maine) since 1997.	47	Director, Wintergreen Fund, Inc.; Trustee, Forum Funds II, Forum ETF Trust and U.S. Global Investors Funds
Officers					
Jessica Chase Born: 1970	President; Principal Executive Officer	Since 2015	Senior Vice President, Atlantic since 2008.	N/A	N/A
Karen Shaw Born: 1972	Treasurer; Principal Financial Officer	Since 2008	Senior Vice President, Atlantic since 2008.	N/A	N/A
Zachary Tackett Born: 1988	Vice President; Secretary; Anti-Money Laundering Compliance Officer	Since 2014	Counsel, Atlantic since 2014; Intern Associate, Coakley & Hyde, PLLC, 2010-2013.	N/A	N/A
Michael J. McKeen Born: 1971	Vice President	Since 2009	Senior Vice President, Atlantic since 2008.	N/A	N/A
Timothy Bowden Born: 1969	Vice President	Since 2009	Manager, Atlantic since 2008.	N/A	N/A
Geoffrey Ney Born: 1975	Vice President	Since 2013	Manager, Atlantic since 2013; Senior Fund Accountant, Atlantic, 2008-2013.	N/A	N/A
Todd Proulx Born: 1978	Vice President	Since 2013	Manager, Atlantic since 2013; Senior Fund Accountant, Atlantic, 2008-2013.	N/A	N/A
Carlyn Edgar Born: 1963	Vice President	Since 2008	Senior Vice President, Atlantic since 2008; Chief Compliance Officer, 2008-2016.	N/A	N/A
Dennis Mason Born: 1967	Chief Compliance Officer	Since 2016	Fund Compliance Officer, Atlantic since 2013; Senior Specialist, Atlantic 2011-2013; Senior Analyst, Atlantic 2008-2011.	N/A	N/A

[1]The Fund Complex includes the Trust, Forum Funds II, Forum ETF Trust and U.S. Global Investors Funds and is overseen by different Boards of Trustees.
[2]Atlantic is a subsidiary of Forum Holdings Corp. I, a Delaware corporation that is wholly owned by Mr. Keffer.

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