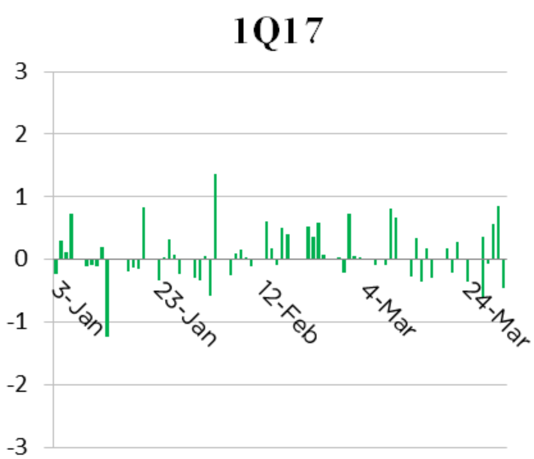
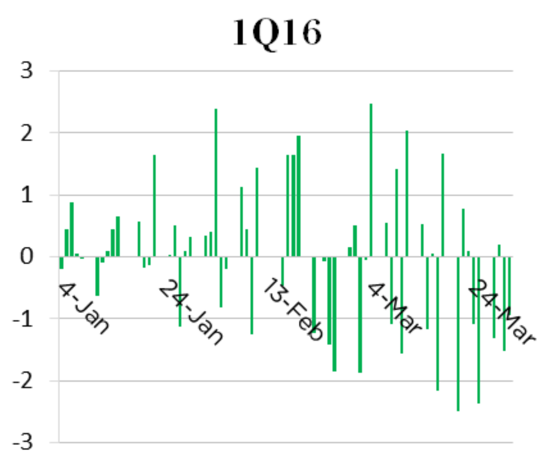
Overview

The first quarter of 2017 was kind to investors, and our portfolios advanced across the board. With the exception of Japan and Norway, virtually every equity market around the world reported positive returns in its home currency. Even politically beleaguered Brazil and trade-threatened Mexico boasted strongly positive stock markets. At home, large companies out-performed small, but all broadly observed benchmarks were in the black. Despite the well-advertised rise in the Fed Funds rate, even bond investors made money. Some news outlets have christened this the "Trump Rally," but we are not so sure. We are having trouble reconciling the static coming out of Washington with the eerie serenity of first-quarter stock price movements.

Though our nation's capital has been an unusually eventful place recently, U.S. stock markets have responded with record calm. On only two days in the first quarter did the S&P 500 change more than 1% in either direction (left hand chart), the lowest level of daily stock price volatility in any quarter since 1965. In comparison, one year ago (right hand chart) there were 26 days in which stocks moved more than 1% and six greater than 2% over the first three months.





Investors, ourselves included, are inclined to be highly wary of uncertainty. Our elected officials are providing very little visibility into the likely outcomes of major policy initiatives (healthcare, taxes, trade, foreign policy and regulations to name a few). We think it is likely that the orderly advance of stock prices indicates that investors are focusing more on monetary policy makers than politicians. Fed Chair Yellen and her colleagues have done a good job of telegraphing their intentions and then following the script. The interest-rate hikes in December and March surprised no one. It is likely that most market participants are confident that future interest-rate policy will be orchestrated in an orderly and well-communicated fashion.

This is no trivial matter. The "zero interest rate policy" (ZIRP) had been in place since 2008. It was likely a necessary response to the deep economic wounds caused by the financial crisis. However, as time went by investors began to question whether the policy could or would ever come to an end. Mounting concern that global economies had become hooked on ever increasing mountains of cheap credit seems to have given way to rising confidence that central banks will be able to return to more normal policies. We feel that this may be an important inflection point. We have been in a declining interest-rate environment since 1981. A transition to a sustained period of rising rates, if it occurs, will likely require investors, businesses and policy makers to adjust their frameworks for calculating potential risk and reward.

The BeeHive Fund

In our last commentary, we stated that, though the healthcare sector was a detractor from performance in 2016, we still felt confident that the Fund's portfolio companies would prove to be profitable holdings. We were pleased to see our patience begin to be rewarded in the first quarter. Though the Fund had one loser (Gilead), the rest of your healthcare holdings outperformed the market as a whole, some significantly. As it had grown through market appreciation, we trimmed our position in Thermo Fisher. Proposed deep cuts in the budget of the National Institute of Health could have adverse near-term effects on both earnings and valuation. We still believe the company represents good long-term value, however, and fully intend for it to remain a core holding.

The Fund's holdings in the technology sector all provided solid returns, with each outperforming the S&P 500. Apple (+24.5%) continued on the upward trajectory that began in the spring of last year. Oracle (+16.4%) finally seems to have convinced investors that it will stand up to new competition in a world of cloud computing and successfully transition its business. We have been patient and confident holders, which has not been easy.

Financial companies, which had been so strong over the last six months of 2016, largely took a breather in the quarter. Investors became less optimistic about the promise of an easier regulatory environment. As we did with Thermo Fisher, we trimmed positions that had grown too large. However, we are still optimistic about the companies we hold in your Fund.

Looking Forward

In our end-of-year commentary, we struck a note of caution, pointing to high valuations and political uncertainty. On the political front, old-fashioned gridlock seems to be taking the sting out of some threats, like the potential for unhealthy protectionism. But, the overall uncertainty level remains higher than average. As the market has advanced, valuation continues to be a worry. We enter earnings season with very few negative pre-announcements or "early warnings" of disappointing results. That tells us that most companies likely did pretty well in the first quarter. Investors will be listening to what managements have to say about future prospects. Companies that project a lack of confidence will likely see declining stock prices, especially expensive stocks with high price-to-earnings multiples.

In the short run, the transition from ZIRP to normal could very well be benign. We continue to believe that higher interest rates may lead to greater consumer confidence, at least in the near term. Positive signs might include a pick up in housing starts or an increase in retail sales (especially for struggling general merchandise and grocery stores). Economic growth in the U.S. as well as Europe could be stronger than expected. Any of these factors could justify current investor optimism, likely leading to higher stock prices. As always, risks stem from unknown or unforeseeable events. Investors would not welcome an unexpected arrival of inflation (improbable but not impossible) as a result of a trade war or an oil shock precipitated by conflict in the Middle East. Another defection from the Eurozone might also cause market dislocation.

We could go on, but we will not. As we have said countless times, we focus more on the specific than the general. Your Fund invests in companies that have distinct advantages in their industries, that generate cash and use it wisely. That the overall stock market may rise and fall, unpredictably, is obvious and beyond our control. We firmly believe that the best approach is to invest in companies that are equipped to manage challenging periods and as a result, emerge as ever-stronger competitors.

Spears Abacus BeeHive Fund Performance (Net)

2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
The BeeHive Fund	1.33%	2.77%	0.27%										4.42%
S&P 500	1.90%	3.97%	0.12%										6.07%

2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
The BeeHive Fund	-7.99%	-0.40%	6.16%	-1.28%	2.29%	-2.46%	4.59%	0.66%	0.00%	-1.09%	4.70%	1.57%	6.11%
S&P 500	-4.96%	-0.14%	6.78%	0.39%	1.80%	0.26%	3.69%	0.14%	0.02%	-1.82%	3.70%	1.98%	11.96%

2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
The BeeHive Fund	-4.88%	6.62%	-1.46%	0.99%	1.26%	-0.28%	4.25%	-6.99%	-4.16%	9.90%	0.28%	-3.73%	-1.42%
S&P 500	-3.00%	5.75%	-1.58%	0.96%	1.29%	-1.94%	3.35%	-6.03%	-2.47%	8.44%	0.30%	-1.58%	1.38%

Trailing 12 months (3/31/17)	
The BeeHive Fund	13.89%
S&P 500	17.17%

5 Year	
The BeeHive Fund	9.65%
S&P 500	13.30%

Annualized Since Inception (9/2/08)	
The BeeHive Fund	7.98%
S&P 500	9.80%

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment in The BeeHive Fund will fluctuate so that the shares in The BeeHive Fund owned by an investor, when redeemed, may be worth more or less than their original cost. The current performance of The BeeHive Fund may be lower or higher than the performance data quoted. Investors who would like to obtain performance data for The BeeHive Fund that is current to the most recent month-end should call 866- 684-4915 (toll free).

The total annual operating expense ratio (gross) was 1.00% for the year ended December 31, 2016. The Fund's advisor has agreed to contractually waive its fees and/or reimburse Fund expenses to limit total annual Fund operating expenses after fee waiver and/or expense reimbursement (excluding taxes, interest, portfolio transaction expenses and extraordinary expenses) to 0.99% through April 30, 2018. The Fund may repay the advisor for fees waived and expenses reimbursed, if such payment is made within three years of the fees waived or expense reimbursement and the resulting expenses do not exceed 0.99%.

Important Note About SA Shareholder Newsletters

This letter and the performance information set forth therein should not be relied upon as investment advice. Any mention of particular stocks or companies does not constitute and should not be considered investment recommendations by SA. Any forward-looking statement is inherently uncertain and cannot be relied upon as a statement of actual performance. If you would like to learn more about SA and its investment program, please contact us at 212-230-9853 or www.thebeehivefund.com.

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BeeHive Fund Performance Information

The fund performance information shown is for The BeeHive Fund, a series of Forum Funds, an investment company registered under the Investment Company Act of 1940. The BeeHive Fund, which is managed by SA, seeks to generate superior long-term capital appreciation through a focused portfolio of companies that SA believes to have dynamic businesses with leading and defensible market positions. The BeeHive Fund invests primarily in equity securities. Performance information for The BeeHive Fund is presented for 2017, 2016, and 2015.

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

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

TOP TEN HOLDINGS (3/31/17)

American International Group, Inc.	5.26%	Oracle Corp.	4.28%
Apple, Inc.	5.20%	Microsoft Corp.	4.21%
Comcast Corp., Class A	5.05%	Delphi Automotive PLC	4.18%
Allergan PLC	4.47%	Chubb, Ltd.	4.03%
General Electric Co.	4.47%	Celgene Corp.	4.02%

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

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