

Annual Report
December 31, 2019



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, 2019, 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.

THE BEEHIVE FUND

A MESSAGE TO OUR SHAREHOLDERS (Unaudited)

DECEMBER 31, 2019

Dear Shareholders,

The past year has been a rewarding one for investors. This was especially the case for The BeeHive Fund (the “Fund”). Your Fund outperformed sharply rising benchmarks, including the S&P 500.

In many ways, 2019 was a Reader’s Digest version of the entire decade of the 2010’s. Both periods began with markets at depressed levels following devastating declines. Worries were easily catalogued; optimism was in short supply. As it has since the great recession, the cavalry (Federal Reserve (the “Fed”)) rode to the rescue with easy monetary policy in tow. The response of financial markets over the last twelve months was eerily consistent with that of the last ten years.

As in the longer period, U.S. financial assets dominated global performance rankings (see Table 1 on page 3). The largest companies, by stock market value, outperformed middle-sized companies, which outperformed small companies. U.S.-based stocks outperformed those of other developed economies, which outperformed those of emerging markets. For each asset class, 2019 returns were significantly above longer term norms.

Likewise, 2019 was a record year for almost every fixed income asset class, as rates dipped and credit spreads tightened. Following the lead of the central bank, interest rates fell across the board. The 10-year U.S. Treasury Note began 2019 with a yield of 2.68% but ended at 1.85%. Long-term bonds (both government and corporate credits), high-yield, investment-grade and municipal bonds all posted much higher than average returns.

Reflecting on the past twelve months, or ten years, it seems logical to wonder if markets are in sync with the underlying environment. Is the U.S. economy truly strong enough to generate stock returns in excess of 30% in one year? Can the longest bull market in history (is that true?) last any longer? Given that it has been 150 years since a full decade has passed without a recession, is the U.S. not overdue?

These questions require context. Judging 2019 and the 2010’s on their own would be like measuring a journey that began by traveling some distance in the wrong direction. Most asset classes posted negative returns in 2018. The return for stocks over the last two years combined was better than average but not dangerously so. Likewise, the first decade of the millennium was one of the worst in history for markets around the world. The 20-year return for stocks is actually a bit below the longer term average. Where we have been recently is a poor guide for where we are headed.

Current Environment

As has been the case since the Great Recession, markets have been driven by monetary policy. Low interest rates and easy access to credit underpin a robust environment for financial assets. The challenge for policy makers has been, and remains, translating these benefits into the real economy. For most of the world, sustained 2% annual gross domestic product growth and a similar level of healthy inflation appears to be unreachable.

A year ago, we correctly predicted that the Fed was more likely to lower rates than to continue to raise them as it had in 2018. That was not a consensus view at the time. Today, most observers believe that U.S. monetary policy will remain easy for at least the rest of 2020. We agree. While the U.S. economy has continued to grow, fears of a recession lurk just beneath the surface. According to a survey from a business research group, The Conference Board, the number one concern of U.S. chief executives is fear of an economic decline.

China has had the highest economic growth in absolute terms (around 5%), but the rate is slowing, likely in reaction to trade tensions, high debt levels and, of course, the law of big numbers. On January 2, 2020, the People’s Bank of China announced that it would further loosen monetary policy in a bid to stimulate growth.

Europe and Japan continue to struggle. The most staggering statistic of the last decade was that the amount of negative yielding debt reached \$17 trillion in August 2019. The vast majority of it is from those two economies. Just to be clear, “negative yielding debt” means that lenders are willing to make an investment that, if held to maturity, loses money. However, there may be early signs of improvement.

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A MESSAGE TO OUR SHAREHOLDERS (Unaudited)

DECEMBER 31, 2019

In December 2019, Japan's prime minister announced a \$120 billion fiscal stimulus package, the first in that country since 2016. Despite expectations of a further slowdown, the eurozone economy posted modest growth toward the end of 2019. Markets have taken notice. Since the summertime peak, total negative yielding debt outstanding has dropped precipitously, ending the year at around \$11 trillion.

The BeeHive Fund

Within the Fund, patience paid off during 2019. Health Care holdings, Celgene and Allergan, whose stock prices had not kept pace with business fundamentals in past years, received takeover bids at meaningful premiums to their then-traded prices. Similarly, Ball Corp and Crown Holdings, two of the largest participants in the beverage can space, recorded outsized gains of 41.83% and 74.50% respectively, as beverage companies moved towards the aluminum can because of its environmental sustainability. Beverage-can industry fundamentals have been improving in recent years, but stock market investors took notice during 2019.

The Fund also benefited from sticking with past winners. The Fund's holdings of Apple, Microsoft and Google all increased more than 29%, with Apple leading the way with a calendar year return of 88.97%. Shares of life science tools provider, Thermo Fisher Scientific, outpaced the S&P 500 with sustained organic growth near multi-year highs, and Danaher's shares benefited from the acquisition of GE Health care that was announced in February of 2019.

The forward P/E multiple of the S&P 500 stood at over 18x at the end of 2019, well above long-term averages. This is perhaps warranted against a backdrop of very low interest rates but also obscures the fact that outside of certain high momentum pockets of the market, valuations are much more reasonable. During the year, the Fund was able to purchase shares of BrightView, Wyndham Hotels & Resorts, and CDK Global at very reasonable valuations on current earnings. All three have large components of recurring revenue, and we believe the companies have opportunities to reinvest and sustain growth for many years.

Outside of the U.S., the Fund took advantage of trade-related concerns to initiate a position in Alibaba. Not a household name in the U.S., Alibaba operates the largest e-commerce platform in China and also owns the leading cloud computing platform in China, the number two food-delivery business, the largest logistics network, the number three video and music platform, and a stake in the largest payment network. This market position is unlikely to be replicated by any competitor and should enable Alibaba to compound revenue and earnings at a 25%+ rate for many years to come.

Finally, the Fund initiated a position in Berkshire Hathaway during the year. Investors doubt that Berkshire will be able to deploy its enormous cash position (over \$100 billion) accretively. Predicting the timing of something like this is inherently difficult, but the Fund has benefited in the past from investments in traditionally good capital allocators when investors start to doubt they will ever deploy capital accretively again.

Looking Forward

At the risk of debunking a long-held myth, there is no crystal ball at Spears Abacus. When we think about how markets will fare over the coming months and years, we start with two variables: valuation and the probable path of fundamental factors. The last year and decade were so rewarding because both were positive. Valuations were favorable at the outset and economic conditions turned out to be better than expected.

Today, our base case for the economy remains positive. We are sticking to the view that a U.S. recession is not yet on the horizon or that at worst, we are facing a short and shallow decline in economic activity. Expansions do not expire of old age. Recessions are brought on by an inflation-induced rise in interest rates or excessive speculation in some corner of the economy. Neither is apparent. We would not be surprised to see global economies continue to bump along at a 1-2% rate of growth. If this is the case, we can anticipate a continuation of easy monetary policy from the world's central bankers.

Very low (and even negative) interest rates have a profound impact on valuation. With long-term interest rates in the U.S. clustered around 2%, it is hard to argue that stocks are overly expensive. The dividend yield alone is nearly 2% on the S&P 500. As long as rates remain in this range, long-term investors may continue to favor stocks over bonds, public company boards of directors may authorize stock buybacks or cash mergers/acquisitions, and private equity firms may use low-cost borrowings to take companies private.

THE BEEHIVE FUND

A MESSAGE TO OUR SHAREHOLDERS (Unaudited)

DECEMBER 31, 2019

What Could Change

This benignly positive scenario could be interrupted in several ways. As always, geopolitical risk is both present and unpredictable at the same time. So far, markets seem to be taking in stride escalating conflicts in the Middle East. That could change.

Europe, the U.K. and the U.S. are seeing a rise in populist politics. Brexit itself should not have a profound impact on global financial markets. However, it could prove to be an interesting laboratory to study the impact of policies that are more inwardly and less globally focused.

Rising inequality in the U.S. and Europe is a significant problem that needs to be addressed. The issues are complex, and the solutions will be difficult to identify and harder still to legislate. In the meantime, large corporations are an expedient political target. In an election year, we can expect to hear a lot about corporate greed, the high cost of health care (particularly pharmaceuticals), anti-competitive behavior of certain tech giants and other lightning-rod issues. Industries may move in or out of favor depending on which Democratic candidates gain or lose momentum. This may present opportunities to invest in businesses we admire at bargain prices but is not likely to fundamentally alter the way we look at companies.

We rarely compare ourselves to other advisors, large or small. However, we do get an opportunity to see the handiwork of our peers through the lens of the portfolios of new clients who join us. We observe that the Fund's focus on a concentrated portfolio of predominantly large capitalization U.S. equities is relatively rare. Many practitioners follow the academic orthodoxy of broad diversification through sizable allocations to foreign markets, including emerging economies. Over the last decade, global diversification substantially diminished returns to investors. The U.S. market outperformed developed economy peers such as Europe, Japan, and Australia by about two and a half times and emerging markets by close to four times.

We never set out to achieve diversification for its own sake. We build the Fund's portfolio one business at a time. Headquarters' location or market capitalization are not by themselves investment criteria. Geographic exposure is an outcome of stock selection. It is worth noting that, over the past year or so, stock selection has resulted in somewhat greater exposure to smaller U.S. companies and global companies domiciled abroad. This is purely an outgrowth of our fundamental analysis. Our valuation work suggests that we will find more and more attractive opportunities outside the confines of the U.S. large cap universe. We will not hesitate to invest in those that seem the most appealing.

A year ago, just like a decade ago, investor fear was palpable. While nervousness has diminished, it has not disappeared. One needs to look no further than the amount of cash held in what may be viewed as the safe harbor of money-market funds. At year-end, money-fund balances were \$3.6 trillion, close to the all-time peak of \$3.9 trillion (in 2009, of course). Sooner or later, a good chunk of those balances should find its way into stocks and bonds.

Regards,

Spears Abacus

Total Return (%)		
12/31/2019		
Selected Indices	12 Months	10 Years (Annualized)
S&P 500	31.49	13.56
S&P MidCap	26.20	12.72
Russell 2000	25.52	11.83
MSCI World ex USA	22.49	5.32
MSCI Emerging Markets	18.42	3.68
Bloomberg Barclays Municipal Bond	7.54	4.34
Bloomberg Barclays US Aggregate	8.72	3.75

THE BEEHIVE FUND

A MESSAGE TO OUR SHAREHOLDERS (Unaudited)

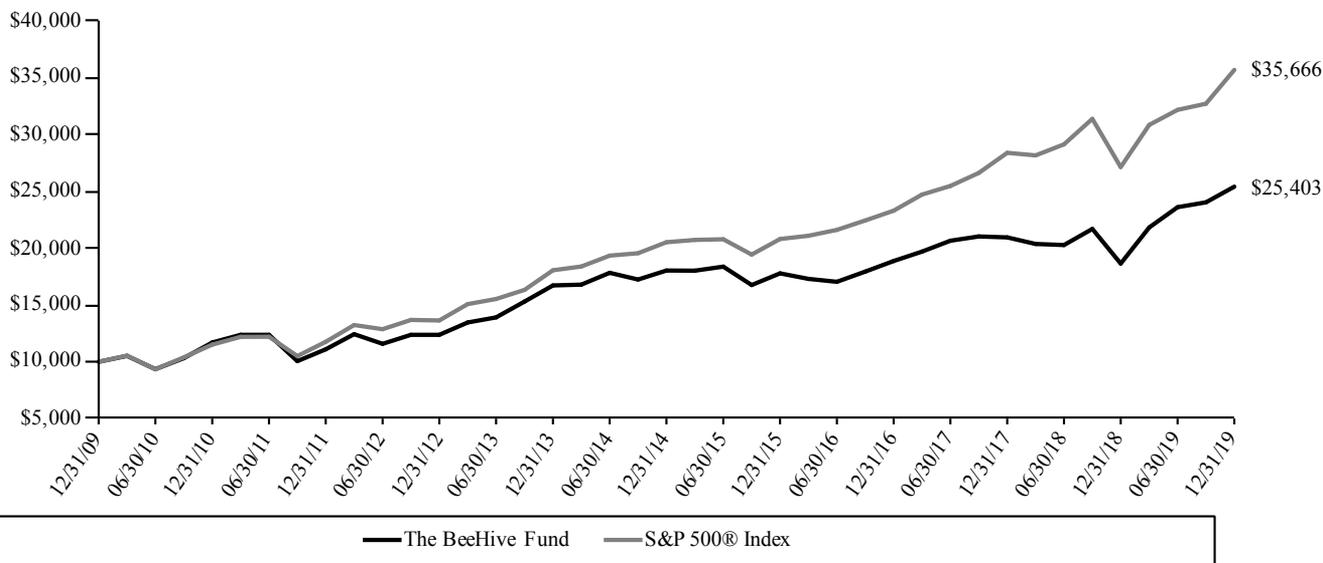
DECEMBER 31, 2019

You could lose money by investing in the Fund. Because the share price of the Fund will fluctuate, when you sell your shares, they may be worth more or less than what you originally paid for them. The Fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

THE BEEHIVE FUND
PERFORMANCE CHART AND ANALYSIS (Unaudited)
DECEMBER 31, 2019

The following chart reflects the change in the value of a hypothetical \$10,000 investment, including reinvested dividends and distributions, in The BeeHive Fund (the "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 measurement of the U.S. stock market based on the performance of 500 widely held large capitalization 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
Periods Ended December 31, 2019

	One Year	Five Year	Ten Year
The BeeHive Fund	36.28%	7.10%	9.77%
S&P 500® Index	31.49%	11.70%	13.56%

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. As stated in the Fund's prospectus, the annual operating expense ratio (gross) is 1.00%. However, the Fund's advisor 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 taxes, interest, portfolio transaction expenses and extraordinary expenses) to 0.99%, through April 30, 2020 (the "Expense Cap"). The Expense Cap may be raised or eliminated only with the consent of the Board of Trustees. 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 Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement 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. 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. For the most recent month-end performance, please call (866) 684-4915.

THE BEEHIVE FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019

<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
Common Stock - 97.8%		
Consumer Discretionary - 14.6%		
14,550	Alibaba Group Holding, Ltd., ADR ^(a)	\$ 3,086,055
35,760	Aptiv PLC	3,396,127
98,520	Comcast Corp., Class A	4,430,445
62,110	General Motors Co.	2,273,226
108,720	Prosus NV, ADR ^(a)	1,619,939
13,930	Whirlpool Corp.	2,055,093
44,230	Wyndham Hotels & Resorts, Inc.	2,778,086
		<u>19,638,971</u>
Consumer Staples - 7.4%		
81,940	Mondelez International, Inc., Class A	4,513,255
49,750	Nestle SA, ADR	5,385,935
		<u>9,899,190</u>
Energy - 3.4%		
59,400	Royal Dutch Shell PLC, ADR, Class B	3,562,218
26,110	Schlumberger, Ltd.	1,049,622
		<u>4,611,840</u>
Financials - 18.2%		
105,250	American International Group, Inc.	5,402,483
11,720	Berkshire Hathaway, Inc., Class B ^(a)	2,654,580
36,970	Chubb, Ltd.	5,754,750
51,600	CIT Group, Inc.	2,354,508
49,437	Citigroup, Inc.	3,949,522
31,610	JPMorgan Chase & Co.	4,406,434
		<u>24,522,277</u>
Health Care - 11.8%		
15,220	Allergan PLC	2,909,607
57,745	Gilead Sciences, Inc.	3,752,270
28,285	Thermo Fisher Scientific, Inc.	9,188,948
		<u>15,850,825</u>
Industrials - 11.2%		
106,770	BrightView Holdings, Inc. ^(a)	1,801,210
57,130	Danaher Corp.	8,768,312
76,820	Delta Air Lines, Inc.	4,492,434
		<u>15,061,956</u>
Materials - 7.4%		
81,370	Ball Corp.	5,262,198
63,950	Crown Holdings, Inc. ^(a)	4,638,933
		<u>9,901,131</u>
Software & Services - 19.7%		
3,082	Alphabet, Inc., Class A ^(a)	4,128,000
2,251	Alphabet, Inc., Class C ^(a)	3,009,632
49,460	CDK Global, Inc.	2,704,473
70,125	Microsoft Corp.	11,058,713
104,780	Oracle Corp.	5,551,244
		<u>26,452,062</u>
Technology Hardware & Equipment - 4.1%		
18,930	Apple, Inc.	5,558,794
		<u>5,558,794</u>
	Total Common Stock (Cost \$69,542,385)	<u>131,497,046</u>
<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
Money Market Fund - 2.3%		
3,006,724	Goldman Sachs Financial Square Treasury Instruments Fund, Institutional Shares, 1.52% ^(b) (Cost \$3,006,724)	<u>3,006,724</u>
	Investments, at value - 100.1% (Cost \$72,549,109)	\$ 134,503,770
	Other Assets & Liabilities, Net - (0.1)%	(88,797)
	Net Assets - 100.0%	<u>\$ 134,414,973</u>

ADR American Depositary Receipt
PLC Public Limited Company
^(a) Non-income producing security.
^(b) Dividend yield changes daily to reflect current market conditions. Rate was the quoted yield as of December 31, 2019.

The following is a summary of the inputs used to value the Fund's investments as of December 31, 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>Valuation Inputs</u>	<u>Investments in Securities</u>
Level 1 - Quoted Prices	\$ 131,497,046
Level 2 - Other Significant Observable Inputs	3,006,724
Level 3 - Significant Unobservable Inputs	—
Total	<u>\$ 134,503,770</u>

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.

PORTFOLIO HOLDINGS (Unaudited)

<u>% of Total Investments</u>	
Consumer Discretionary	14.6%
Consumer Staples	7.4%
Energy	3.4%
Financials	18.2%
Health Care	11.8%
Industrials	11.2%
Materials	7.4%
Software & Services	19.7%
Technology Hardware & Equipment	4.1%
Money Market Fund	<u>2.2%</u>
	<u>100.0%</u>

THE BEEHIVE FUND
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2019

ASSETS

Investments, at value (Cost \$72,549,109)	\$	134,503,770
Receivables:		
Dividends		82,914
Prepaid expenses		5,758
Total Assets		<u>134,592,442</u>

LIABILITIES

Payables:		
Distributions payable		49,572
Accrued Liabilities:		
Investment advisor fees		84,525
Fund services fees		16,812
Other expenses		26,560
Total Liabilities		<u>177,469</u>

NET ASSETS	\$	<u>134,414,973</u>
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COMPONENTS OF NET ASSETS

Paid-in capital	\$	72,531,590
Distributable earnings		61,883,383

NET ASSETS	\$	<u>134,414,973</u>
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SHARES OF BENEFICIAL INTEREST AT NO PAR VALUE (UNLIMITED SHARES AUTHORIZED)		<u>7,905,952</u>
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NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE	\$	<u>17.00</u>
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THE BEEHIVE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2019

INVESTMENT INCOME	
Dividend income (Net of foreign withholding taxes of \$20,808)	\$ 2,175,592
Non-cash income	904,785
Total Investment Income	<u>3,080,377</u>
EXPENSES	
Investment advisor fees	936,549
Fund services fees	189,382
Custodian fees	13,106
Registration fees	4,052
Professional fees	50,613
Trustees' fees and expenses	6,573
Other expenses	29,665
Total Expenses	<u>1,229,940</u>
Fees waived	(5,777)
Net Expenses	<u>1,224,163</u>
NET INVESTMENT INCOME	<u>1,856,214</u>
NET REALIZED AND UNREALIZED GAIN	
Net realized gain on investments	4,037,210
Net change in unrealized appreciation (depreciation) on investments	<u>31,168,173</u>
NET REALIZED AND UNREALIZED GAIN	<u>35,205,383</u>
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 37,061,597</u>

THE BEEHIVE FUND
STATEMENTS OF CHANGES IN NET ASSETS

	For the Years Ended December 31,	
	2019	2018
OPERATIONS		
Net investment income	\$ 1,856,214	\$ 1,029,270
Net realized gain	4,037,210	4,126,819
Net change in unrealized appreciation (depreciation)	31,168,173	(18,107,908)
Increase (Decrease) in Net Assets Resulting from Operations	<u>37,061,597</u>	<u>(12,951,819)</u>
DISTRIBUTIONS TO SHAREHOLDERS		
Total Distributions Paid	<u>(6,428,176)</u>	<u>(3,665,453)</u>
CAPITAL SHARE TRANSACTIONS		
Sale of shares	1,995,129	3,266,141
Reinvestment of distributions	6,253,232	3,568,202
Redemption of shares	(9,872,543)	(15,686,872)
Decrease in Net Assets from Capital Share Transactions	<u>(1,624,182)</u>	<u>(8,852,529)</u>
Increase (Decrease) in Net Assets	<u>29,009,239</u>	<u>(25,469,801)</u>
NET ASSETS		
Beginning of Year	<u>105,405,734</u>	<u>130,875,535</u>
End of Year	<u>\$ 134,414,973</u>	<u>\$ 105,405,734</u>
SHARE TRANSACTIONS		
Sale of shares	130,793	208,651
Reinvestment of distributions	369,229	264,554
Redemption of shares	(642,004)	(1,020,150)
Decrease in Shares	<u>(141,982)</u>	<u>(546,945)</u>

THE BEEHIVE FUND
FINANCIAL HIGHLIGHTS

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

	For the Years Ended December 31,				
	2019	2018	2017	2016	2015
NET ASSET VALUE, Beginning of Year	\$ 13.10	\$ 15.23	\$ 14.26	\$ 13.64	\$ 14.13
INVESTMENT OPERATIONS					
Net investment income (a)	0.24	0.13	0.10	0.13	0.08
Net realized and unrealized gain (loss)	4.50	(1.79)	1.48	0.70	(0.28)
Total from Investment Operations	4.74	(1.66)	1.58	0.83	(0.20)
DISTRIBUTIONS TO SHAREHOLDERS FROM					
Net investment income	(0.24)	(0.13)	(0.09)	(0.13)	(0.08)
Net realized gain	(0.60)	(0.34)	(0.52)	(0.08)	(0.21)
Total Distributions to Shareholders	(0.84)	(0.47)	(0.61)	(0.21)	(0.29)
NET ASSET VALUE, End of Year	\$ 17.00	\$ 13.10	\$ 15.23	\$ 14.26	\$ 13.64
TOTAL RETURN	36.28%	(10.98)%	11.07%	6.11%	(1.42)%
RATIOS/SUPPLEMENTARY DATA					
Net Assets at End of Year (000s omitted)	\$ 134,415	\$ 105,406	\$ 130,876	\$ 117,849	\$ 113,313
Ratios to Average Net Assets:					
Net investment income	1.49%	0.84%	0.64%	0.99%	0.57%
Net expenses	0.98%	0.99%	0.99%(b)	0.99%	0.99%(b)
Gross expenses	0.98%(c)	0.99%(c)	0.99%	1.00%(c)	0.98%
PORTFOLIO TURNOVER RATE	10%	10%	14%	15%	17%

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

(b) Ratio includes waivers and previously waived investment advisory fees recovered. The impact of the recovered fees may cause a higher net expense ratio.

(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 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 Advisor, 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 Advisor 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. 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.

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 a 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 December 31, 2019, 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. Non-cash dividend income is recorded at the fair market value of the securities received. 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.

Distributions to Shareholders – The Fund declares any dividends from net investment income and pays them annually. Any net capital gains and net foreign currency 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, 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.

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 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, a wholly owned subsidiary of Apex US Holdings, LLC (d/b/a Apex Fund Services) (“Apex”) 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 – Apex 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. Apex also provides certain shareholder report production and EDGAR conversion and filing services. Pursuant to an Apex services agreement, the

THE BEEHIVE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Fund pays Apex customary fees for its services. Apex 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 – 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 Reimbursement and Fees Waived

The Advisor 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 taxes, interest, portfolio transaction expenses and extraordinary expenses) to 0.99% through April 30, 2020. During the year ended December 31, 2019, fees waived were \$5,777.

The Advisor may be reimbursed by the Fund 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 does not cause the total annual Fund operating expenses after fee waiver and/or expense reimbursement (excluding taxes, interest, portfolio transaction expenses and extraordinary expenses) of the Fund 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 December 31, 2019, \$7,630 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, 2019, totaled \$12,022,924 and \$16,372,378, respectively.

Note 6. Federal Income Tax

As of December 31, 2019, cost for federal income tax purpose is \$72,581,045 and net unrealized appreciation consists of:

Gross Unrealized Appreciation	\$	63,397,102
Gross Unrealized Depreciation		<u>(1,474,377)</u>
Net Unrealized Appreciation	\$	<u>61,922,725</u>

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

	<u>2019</u>	<u>2018</u>
Ordinary Income	\$ 1,872,808	\$ 1,050,741
Long-Term Capital Gain	<u>4,555,368</u>	<u>2,614,712</u>
	<u>\$ 6,428,176</u>	<u>\$ 3,665,453</u>

As of December 31, 2019, distributable earnings on a tax basis were as follows:

Capital and Other Losses	\$	(39,342)
Net Unrealized Appreciation		<u>61,922,725</u>
Total	\$	<u>61,883,383</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 wash sales.

For tax purposes, the current year post-October loss was \$39,342 (realized during the period January 1, 2019 through December 31, 2019). This loss will be recognized for tax purposes on the first business day of the Fund’s next fiscal year, January 1, 2020.

THE BEEHIVE FUND
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On the Statement of Assets and Liabilities, as a result of permanent book to tax differences, certain amounts have been reclassified for the year ended December 31, 2019. The following reclassification was the result of taxable distributions in excess of earnings and has no impact on the net assets of the Fund.

Distributable Earnings	\$	2,269
Paid-in-Capital		(2,269)

Note 7. 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**

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of The BeeHive Fund, a series of shares of beneficial interest in Forum Funds (the “*Fund*”), including the schedule of investments, as of December 31, 2019, 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, and the related notes (collectively referred to as the “*financial statements*”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2019, 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.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“*PCAOB*”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities law and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2019 by correspondence with the custodian. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

BBD, LLP

BBD, LLP

We have served as the auditor of one of more of the Funds in the Forum Funds since 2008.

**Philadelphia, Pennsylvania
February 26, 2020**

THE BEEHIVE FUND
 ADDITIONAL INFORMATION (Unaudited)
 DECEMBER 31, 2019

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 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 (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, 2019 through December 31, 2019.

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, 2019	Ending Account Value December 31, 2019	Expenses Paid During Period*	Annualized Expense Ratio*
Actual	\$ 1,000.00	\$ 1,076.78	\$ 5.18	0.99%
Hypothetical (5% return before expenses)	\$ 1,000.00	\$ 1,020.21	\$ 5.04	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 365 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 77.88% of its income dividend distributed as qualifying for the corporate dividends-received deduction (DRD) and 100.00% for the qualified dividend rate (QDI) as defined in Section 1(h)(11) of the Code. The Fund also designates 0.76% as short-term capital gain dividends exempt from U.S. tax for foreign shareholders (QSD).

THE BEEHIVE FUND

ADDITIONAL INFORMATION (Unaudited)

DECEMBER 31, 2019

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. 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 with the Trust	Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Series in Fund Complex Overseen By Trustee	Other Directorships Held By Trustee During Past Five Years
Independent Trustees					
David Tucker Born: 1958	Trustee; Chairman of the Board	Since 2011 and Chairman since 2018	Director, Blue Sky Experience (a charitable endeavor) since 2008; Senior Vice President & General Counsel, American Century Companies (an investment management firm) 1998-2008.	1	Trustee, Forum Funds II and U.S. Global Investors Funds
Mark D. Moyer Born: 1959	Trustee; Chairman of the Audit Committee	Since 2018	Chief Financial Officer, Freedom House (a NGO advocating political freedom and democracy) since 2017; independent consultant providing interim CFO services, principally to non-profit organizations, 2011-2017; Chief Financial Officer, Institute of International Education (a NGO administering international educational exchange programs), 2008-2011; Chief Financial Officer and Chief Restructuring Officer, Ziff Davis Media Inc. (an integrated media company), 2005-2008; Adjunct Professor of Accounting, Fairfield University from 2009-2012.	1	Trustee, Forum Funds II and U.S. Global Investors Funds
Jennifer Brown-Strabley Born: 1964	Trustee	Since 2018	Principal, Portland Global Advisors (a registered investment adviser), 1996-2010.	1	Trustee, Forum Funds II and U.S. Global Investors Funds
Interested Trustees⁽¹⁾					
Jessica Chase Born: 1970	Trustee	Since 2018	Director, Apex Fund Services since 2019; Senior Vice President, Atlantic Fund Services 2008-2019.	1	Trustee, Forum Funds II and U.S. Global Investors Funds

⁽¹⁾Jessica Chase is currently an interested person of the Trust, as defined in the 1940 Act, due to her affiliation with Apex Fund Services and her role as President of the Trust. Apex Fund Services is a wholly owned subsidiary of Apex US Holdings LLC.

THE BEEHIVE FUND
 ADDITIONAL INFORMATION (Unaudited)
 DECEMBER 31, 2019

Name and Year of Birth	Position with the Trust	Length of Time Served	Principal Occupation(s) During Past 5 Years
Officers			
Jessica Chase Born: 1970	President; Principal Executive Officer	Since 2015	Director, Apex Fund Services since 2019. Senior Vice President, Atlantic Fund Services 2008-2019.
Karen Shaw Born: 1972	Treasurer; Principal Financial Officer	Since 2008	Senior Vice President, Apex Fund Services since 2019; Senior Vice President, Atlantic Fund Services 2008-2019.
Zachary Tackett Born: 1988	Vice President; Secretary and Anti-Money Laundering Compliance Officer	Since 2014	Counsel, Apex Fund Services since 2019; Counsel, Atlantic Fund Services 2014-2019.
Michael J. McKeen Born: 1971	Vice President	Since 2009	Senior Vice President, Apex Fund Services since 2019; Senior Vice President, Atlantic Fund Services 2008-2019.
Timothy Bowden Born: 1969	Vice President	Since 2009	Manager, Apex Fund Services since 2019; Manager, Atlantic Fund Services 2008-2019.
Geoffrey Ney Born: 1975	Vice President	Since 2013	Manager, Apex Fund Services since 2019; Manager, Atlantic Fund Services 2013-2019.
Todd Proulx Born: 1978	Vice President	Since 2013	Manager, Apex Fund Services since 2019; Manager, Atlantic Fund Services 2013-2019.
Carlyn Edgar Born: 1963	Vice President	Since 2008	Senior Vice President, Apex Fund Services since 2019; Senior Vice President, Atlantic Fund Services 2008-2019; Chief Compliance Officer, 2008-2016.
Dennis Mason Born: 1967	Chief Compliance Officer	Since 2016	Fund Compliance Officer, Apex Fund Services since 2019; Fund Compliance Officer, Atlantic Fund Services 2013-2019.

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THE BEEHIVE FUND
P.O Box 588
Portland, Maine 04112
(866) 684-4915 (toll free)

The 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.

Distributor
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