


ORINDA FUNDS

Semi-Annual Report **August 31, 2016**

Orinda Income Opportunities Fund

Class A Shares – OIOAX

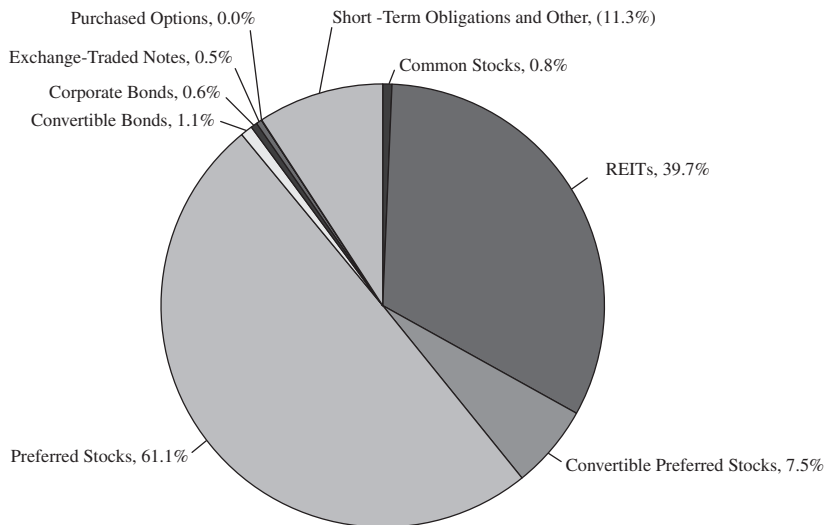
Class D Shares – OIODX

Class I Shares – OIOIX

Table of Contents

Sector Allocation of Portfolio Assets	3
Schedule of Investments	4
Schedule of Securities Sold Short	11
Schedule of Options Written	12
Financial Statements	
Statement of Assets and Liabilities	14
Statement of Operations	15
Statements of Changes in Net Assets	16
Statement of Cash Flows	18
Financial Highlights	19
Notes to the Financial Statements	22
Expense Example	39
Notice to Shareholders	41
Privacy Notice	Inside Back Cover

SECTOR ALLOCATION OF PORTFOLIO ASSETS at August 31, 2016 (Unaudited)



Percentages represent market value as a percentage of net assets.

SCHEDULE OF INVESTMENTS
at August 31, 2016 (Unaudited)

COMMON STOCKS - 0.8%	Shares	Value
Financials - 0.7%		
Kennedy-Wilson Holdings, Inc.	85,524	\$ 1,886,659
Utilities - 0.1%		
Pattern Energy Group, Inc.	15,000	357,000
TOTAL COMMON STOCKS (Cost \$2,079,196)		<u>2,243,659</u>
REITS - 39.7%		
Financials - 38.1%		
American Capital Agency Corp.	150,000	2,896,500
Apollo Commercial Real Estate Finance, Inc.*	209,520	3,415,176
Arbor Realty Trust, Inc.	97,630	760,538
Bluerock Residential Growth REIT, Inc.^	129,800	3,478,640
Bluerock Residential Growth REIT, Inc. - Class A*	288,500	3,865,900
Brixmor Property Group, Inc.	65,000	1,856,400
CBL & Associates Properties, Inc. - Series D Cumulative Preferred*	259,730	6,623,115
City Office REIT, Inc.*	402,999	5,222,867
Colony Capital, Inc.	45,000	831,150
Franklin Street Properties Corp.	129,397	1,625,226
Gladstone Commercial Corp.	29,887	537,966
Global Medical REIT, Inc.	38,463	413,477
Global Net Lease, Inc.*	411,146	3,412,512
Independence Realty Trust, Inc.*	534,359	5,049,693
Invesco Mortgage Capital, Inc.	35,000	550,900
iStar Financial, Inc. - Series D Cumulative Preferred*	163,980	4,053,586
iStar Financial, Inc. - Series E Cumulative Preferred*	219,477	5,328,902
iStar Financial, Inc. - Series F Cumulative Preferred*	144,431	3,514,006
iStar Financial, Inc. - Series I Cumulative Preferred	103,708	2,513,882
Ladder Capital Corp.	55,000	730,400
Lexington Realty Trust	55,000	593,450
Monmouth Real Estate Investment Corp. - Series B Cumulative Preferred	48,750	1,299,187
New Residential Investment Corp.	120,000	1,722,000
New York REIT, Inc.*	308,208	2,977,289
NorthStar Realty Finance Corp.	140,000	1,867,600
Northstar Realty Finance Corp. - Series B Cumulative Preferred	57,058	1,437,291

The accompanying notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENTS (Continued)
at August 31, 2016 (Unaudited)

REITS - 39.7% (Continued)	Shares	Value
Financials - 38.1% (Continued)		
Pebblebrook Hotel Trust - Series B Cumulative Preferred*	45,959	\$ 1,165,520
RAIT Financial Trust	62,500	1,515,000
RAIT Financial Trust - Series A Cumulative Preferred	85,795	1,757,082
RAIT Financial Trust - Series B Cumulative Preferred	29,496	654,811
RAIT Financial Trust - Series C Cumulative Preferred	30,487	710,042
RAIT Financial Trust - Unsecured*	134,548	3,025,984
Retail Opportunity Investments Corp.	40,000	892,400
Rexford Industrial Realty, Inc.^	50,000	1,285,000
Select Income REIT*	359,457	9,809,582
STAG Industrial, Inc.	26,800	665,444
Urstadt Biddle Properties, Inc.	108,909	2,473,323
VEREIT, Inc.*	650,000	6,792,500
Wheeler Real Estate Investment Trust, Inc.	2,356,172	4,146,863
Whitestone REIT*	206,560	2,993,054
		<u>104,464,258</u>
Real Estate - 1.6%		
Communications Sales & Leasing, Inc.	103,149	3,218,249
WPT Industrial Real Estate Investment Trust†~	100,000	1,115,150
		<u>4,333,399</u>
TOTAL REITS		
(Cost \$102,817,527)		<u>108,797,657</u>
CONVERTIBLE PREFERRED STOCKS - 7.5%		
Financials - 7.4%		
Colony Capital, Inc. - Series C Cumulative Preferred*	313,264	7,850,396
EPR Properties - Series E Convertible Preferred*	32,873	1,229,779
FelCor Lodging Trust, Inc. - Series A Convertible Preferred*	280,081	7,049,639
Wheeler Real Estate Investment Trust, Inc.	200,000	4,260,000
		<u>20,389,814</u>
Telecommunication Services - 0.1%		
Frontier Communications Corp.	1,500	135,435
TOTAL CONVERTIBLE PREFERRED STOCKS		
(Cost \$19,543,471)		<u>20,525,249</u>

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SCHEDULE OF INVESTMENTS (Continued)
at August 31, 2016 (Unaudited)

PREFERRED STOCKS - 61.1%	Shares	Value
Real Estate - 3.8%		
VEREIT, Inc. - Series F Cumulative Preferred*	300,035	\$ 8,082,943
Washington Prime Group*	89,044	<u>2,326,720</u>
		<u>10,409,663</u>
Consumer Discretionary - 1.4%		
M/I Homes, Inc. - Series A Non-Cumulative Preferred, 9.75%*	78,073	1,971,343
TravelCenters of America LLC - Senior Unsecured, 8.00%, 12/15/2029	46,665	1,189,957
TravelCenters of America LLC - Senior Unsecured, 8.00%, 10/15/2030	6,347	161,722
TravelCenters of America LLC - Senior Unsecured, 8.25%, 01/15/2028	21,069	<u>540,736</u>
		<u>3,863,758</u>
Energy - 0.2%		
Tsakos Energy Navigation Ltd. - Series D Perpetual Preferred†	22,050	<u>545,296</u>
Financials - 53.1%		
AG Mortgage Investment Trust, Inc. - Series A Cumulative Preferred	15,922	405,533
AG Mortgage Investment Trust, Inc. - Series B Cumulative Preferred	40,819	1,018,842
American Capital Agency Corp. Depository Shares 1/1000 - Series B Cumulative Preferred*	123,583	3,265,063
American Homes 4 Rent	108,100	2,931,672
AmTrust Financial Services, Inc. - Series B Non-Cumulative Preferred	55,599	1,459,474
AmTrust Financial Services, Inc. - Series D Non-Cumulative Preferred	41,000	1,094,700
Annaly Capital Management, Inc.*	132,846	3,380,931
Annaly Capital Management, Inc. - Series C Cumulative Preferred	37,608	957,876
Annaly Capital Management, Inc. - Series D Cumulative Preferred	38,202	978,735
Apollo Commercial Real Estate Finance, Inc. - Series A Cumulative Preferred	96,893	2,502,746
Apollo Residential Mortgage, Inc. - Series A Cumulative Preferred*	382,290	9,496,084

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SCHEDULE OF INVESTMENTS (Continued)
at August 31, 2016 (Unaudited)

PREFERRED STOCKS - 61.1% (Continued)	Shares	Value
Financials - 53.1% (Continued)		
Arbor Realty Trust, Inc. - Senior Unsecured	60,000	\$ 1,522,800
Arbor Realty Trust, Inc. - Series A Cumulative Preferred	46,261	1,178,036
Arbor Realty Trust, Inc. - Series B Cumulative Preferred	20,323	511,327
Arbor Realty Trust, Inc. - Series C Cumulative Preferred*~	82,507	2,128,681
Ashford Hospitality Trust, Inc.^*	243,400	6,206,700
Ashford Hospitality Trust, Inc. - Series D Cumulative Preferred*	363,232	9,338,695
Banc Of California, Inc. - Series D Non-Cumulative Preferred*	56,908	1,553,588
Banc Of California, Inc. - Series E Non-Cumulative Preferred	30,984	831,920
Bluerock Residential Growth REIT, Inc. - Series A Redeemable Preferred*	186,486	5,119,041
Capstead Mortgage Corp. - Series E Cumulative Preferred	56,000	1,434,160
Cedar Realty Trust, Inc. - Series B Cumulative Preferred*	29,685	769,880
Chesapeake Lodging Trust - Series A Cumulative Preferred*	189,252	4,958,402
Citigroup, Inc.	32,100	875,046
Colony Capital, Inc. - Series A Cumulative Preferred*	257,402	6,741,358
Colony Capital, Inc. - Series B Cumulative Preferred	82,105	2,102,709
Corporate Office Properties Trust - Series L Cumulative Preferred*	86,643	2,290,841
CYS Investments, Inc. - Series B Cumulative Preferred*	91,317	2,214,437
DDR Corp.	46,528	1,228,339
DuPont Fabros Technology, Inc.	2,817	79,580
Hersha Hospitality Trust*	206,800	5,275,468
Invesco Mortgage Capital, Inc. - Series A Cumulative Preferred	81,453	2,074,608
Invesco Mortgage Capital, Inc. - Series B Cumulative Preferred*	165,097	4,241,342
Investors Real Estate Trust - Series B Cumulative Preferred	67,726	1,783,903
iStar Financial, Inc. - Series G Cumulative Preferred	37,603	909,993
Kemper Corp. - Subordinated	12,933	350,484
Kennedy-Wilson Holdings, Inc. - Senior Unsecured*	63,140	1,654,268
KKR & Co LP^	75,000	1,979,250
KKR Financial Holdings LLC - Series A Cumulative Preferred*	62,412	1,662,032
LaSalle Hotel Properties	53,617	1,428,893

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SCHEDULE OF INVESTMENTS (Continued)
at August 31, 2016 (Unaudited)

PREFERRED STOCKS - 61.1% (Continued)	Shares	Value
Financials - 53.1% (Continued)		
Landmark Infrastructure Partners LP [^]	75,000	\$ 1,916,250
LaSalle Hotel Properties - Series H Cumulative Preferred	43,244	1,116,776
MFA Financial, Inc. - Series B Cumulative Preferred*	64,075	1,653,776
National General Holdings Corp. - Series B Non-Cumulative Preferred	31,095	823,396
National General Holdings Corp. - Subordinated*	88,542	2,302,092
Northstar Realty Finance Corp. - Series C Cumulative Preferred*	195,090	5,025,518
Northstar Realty Finance Corp. - Series D Cumulative Preferred*	172,447	4,399,123
Northstar Realty Finance Corp. - Series E Cumulative Preferred*	394,508	10,142,801
Pebblebrook Hotel Trust	61,645	1,686,607
Pennsylvania Real Estate Investment Trust - Series A Cumulative Preferred*	143,148	3,714,691
Resource Capital Corp. - Series B Cumulative Preferred	41,000	956,530
Resource Capital Corp. - Series C Cumulative Preferred*	155,942	3,605,379
Retail Properties of America, Inc. - Series A Cumulative Preferred	36,282	997,392
STAG Industrial, Inc.	51,800	1,429,162
Summit Hotel Properties - Series A Cumulative Preferred*	42,722	1,081,721
Summit Hotel Properties, Inc.	50,000	1,303,000
Sunstone Hotel Investors, Inc.	40,000	1,052,400
UMH Properties, Inc.	37,650	1,033,493
WR Berkley Corp.	45,000	1,173,600
		<u>145,351,144</u>
Industrials - 0.8%		
Seaspan Corp. [†]	85,000	<u>2,105,450</u>
Telecommunication Services - 1.8%		
Qwest Corp. [^]	135,000	3,510,000
United States Cellular Corp.	56,846	<u>1,534,274</u>
		<u>5,044,274</u>
TOTAL PREFERRED STOCKS		
(Cost \$175,462,383)		<u>167,319,585</u>

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SCHEDULE OF INVESTMENTS (Continued)
at August 31, 2016 (Unaudited)

CONVERTIBLE BONDS - 1.1%	Principal Amount	Value
Resource Capital Corp., 6.000%, 12/01/2018	\$3,000,000	\$ 2,940,000
TOTAL CONVERTIBLE BONDS (Cost \$2,786,780)		<u>2,940,000</u>
<hr/>		
CORPORATE BONDS - 0.6%		
Bank of America Corp., 6.100%, 12/29/2049 √	1,000,000	1,052,500
Deutsche Bank AG, 7.500%, 12/29/2049 √†	600,000	<u>506,250</u>
TOTAL CORPORATE BONDS (Cost \$1,591,252)		<u>1,558,750</u>
<hr/>		
EXCHANGE-TRADED NOTES - 0.5%	Shares	
iPATH S&P 500 VIX Short-Term Futures ETN [†]	37,500	<u>1,359,000</u>
TOTAL EXCHANGE-TRADED NOTES (Cost \$1,384,525)		<u>1,359,000</u>
<hr/>		
PURCHASED OPTIONS - 0.0%	Contracts	
Put Options - 0.0%		
iShares U.S. Real Estate ETF		
Expiration: September 2016, Exercise Price: \$82.00	1,000	<u>110,000</u>
TOTAL PURCHASED OPTIONS (Cost \$117,041)		<u>110,000</u>

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SCHEDULE OF INVESTMENTS (Continued)
at August 31, 2016 (Unaudited)

SHORT-TERM INVESTMENTS - 1.5%	Shares	Value
MONEY MARKET FUNDS - 1.5%		
Invesco Short-Term Investments Government TaxAdvantage Portfolio, 0.13%+	4,171,540	\$ 4,171,540
TOTAL SHORT-TERM INVESTMENTS (Cost \$4,171,540)		<u>4,171,540</u>
TOTAL INVESTMENTS (Cost \$309,953,715) - 112.8%		309,025,440
Liabilities in Excess of Other Assets - (12.8)%		<u>(35,033,947)</u>
TOTAL NET ASSETS - 100.0%		<u><u>\$273,991,493</u></u>

Percentages are stated as a percent of net assets.

^ Non-income producing.

+ The rate shown represents the fund's 7-day yield as of August 31, 2016.

√ Variable rate security. The rate shown represents the rate at August 31, 2016.

† U.S. traded security of a foreign issuer or corporation.

* All or a portion of the security has been segregated for open short positions.

~ Illiquid security; a security may be considered illiquid if it lacks a readily available market. As of August 31, 2016, the value of these securities was \$3,243,831 or 1.18% of total net assets.

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SCHEDULE OF SECURITIES SOLD SHORT
at August 31, 2016 (Unaudited)

EXCHANGE-TRADED FUNDS - 4.6%	Shares	Value
iShares U.S. Real Estate ETF	125,000	\$10,320,000
Vanguard REIT ETF	26,000	<u>2,313,220</u>
TOTAL SECURITIES SOLD SHORT		
(Proceeds \$12,611,824) - 4.6%		<u><u>\$12,633,220</u></u>

Percentages are stated as a percent of net assets.

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SCHEDULE OF OPTIONS WRITTEN
at August 31, 2016 (Unaudited)

PUT OPTIONS	Contracts	Value
iShares U.S. Real Estate ETF		
Expiration: September 2016, Exercise Price: \$76.50	1,000	<u>\$17,500</u>
TOTAL OPTIONS WRITTEN		
(Premiums received \$21,958)		<u><u>\$17,500</u></u>

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF ASSETS AND LIABILITIES
at August 31, 2016 (Unaudited)

Assets:	
Investments, at value (cost of \$309,953,715)	\$309,025,440
Deposits at brokers	3,774,632
Receivables:	
Securities sold	10,950,046
Fund shares sold	867,915
Dividends and interest	1,317,598
Prepaid expenses	31,940
Total assets	<u>325,967,571</u>
Liabilities:	
Options written, at value (proceeds \$21,958)	17,500
Securities sold short (proceeds \$12,611,824)	12,633,220
Payables:	
Loan payable	35,970,250
Due to custodian	1,998,861
Securities purchased	367,984
Fund shares redeemed	427,225
Advisory fee	227,643
Administration fee	66,487
Distribution fees	115,504
Service fees	26,679
Compliance expense	1,843
Custody fees	4,604
Transfer agent fees and expenses	28,527
Accrued expenses and other payables	89,751
Total liabilities	<u>51,976,078</u>
Net assets	<u>\$273,991,493</u>
Net assets consist of:	
Paid in capital	\$280,555,039
Accumulated net investment loss	(1,963,102)
Accumulated net realized loss on investments	(3,655,231)
Net unrealized appreciation (depreciation) on:	
Investments	(921,234)
Options	(7,041)
Securities sold short	(21,396)
Written options contracts	4,458
Net assets	<u>\$273,991,493</u>
Class A:	
Net assets applicable to outstanding Class A shares	\$ 94,507,400
Shares issued (Unlimited number of beneficial interest authorized, \$0.01 par value)	3,935,454
Net asset value and redemption price per share	<u>\$ 24.01</u>
Maximum offering price per share (net asset value divided by 95.00%)	<u>\$ 25.28</u>
Class D:	
Net assets applicable to outstanding Class D shares	\$ 23,552,206
Shares issued (Unlimited number of beneficial interest authorized, \$0.01 par value)	984,669
Net asset value, offering price and redemption price per share	<u>\$ 23.92</u>
Class I:	
Net assets applicable to outstanding Class I shares	\$155,931,887
Shares issued (Unlimited number of beneficial interest authorized, \$0.01 par value)	6,473,070
Net asset value, offering price and redemption price per share	<u>\$ 24.09</u>

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STATEMENT OF OPERATIONS
For the Six Months Ended August 31, 2016 (Unaudited)

Investment income:	
Dividends	\$ 8,400,724
Interest	264,496
Total investment income	<u>8,665,220</u>
Expenses:	
Investment advisory fees (Note 5)	1,194,779
Administration fees (Note 5)	127,504
Distribution fees (Note 6)	
Distribution fees - Class A	102,391
Distribution fees - Class D	113,432
Service fees (Note 7)	
Service fees - Class A	61,435
Service fees - Class D	11,343
Service fees - Class I	67,178
Transfer agent fees and expenses	58,098
Federal and state registration fees	30,360
Audit fees	11,445
Compliance expense	4,524
Legal fees	2,860
Reports to shareholders	24,596
Trustees' fees and expenses	5,474
Custody fees	8,620
Interest Expense (Note 9)	224,277
Other	20,084
Total expenses before dividends and interest on short positions	2,068,400
Dividends expense on short positions	204,061
Broker interest expense on short positions	63,430
Total expenses before reimbursement from advisor	<u>2,335,891</u>
Expense reimbursement by advisor (Note 5)	(7,568)
Net expenses	<u>2,328,323</u>
Net investment income	\$ 6,336,897
Realized and unrealized gain (loss) on investments:	
Net realized gain (loss) on transactions from:	
Investments	\$22,668,206
Securities sold short	(3,420,701)
Net change in unrealized gain (loss) on:	
Investments	9,959,400
Options	(7,041)
Securities sold short	535,246
Written options contracts	4,458
Net realized and unrealized gain (loss) on investments	<u>29,739,568</u>
Net increase in net assets resulting from operations	<u><u>\$36,076,465</u></u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

	Six Months Ended	Year Ended
	August 31, 2016	February 29, 2016
	(Unaudited)	
	<u> </u>	<u> </u>
Operations:		
Net investment income	\$ 6,336,897	\$ 9,430,901
Net realized gain (loss) on investments	19,247,505	(13,821,422)
Net change in unrealized appreciation (depreciation) on investments	<u>10,492,063</u>	<u>(19,426,471)</u>
Net increase (decrease) in net assets resulting from operations	<u>36,076,465</u>	<u>(23,816,992)</u>
Distributions to Shareholders From:		
Net investment income		
Class A shares	(1,821,237)	(3,022,094)
Class D shares	(479,432)	(814,777)
Class I shares	(3,201,458)	(5,814,916)
Net realized gains		
Class A shares	—	—
Class D shares	—	—
Class I shares	—	—
Return of Capital		
Class A shares	(938,004)	(1,709,743)
Class D shares	(273,119)	(537,808)
Class I shares	<u>(1,586,749)</u>	<u>(3,100,661)</u>
Total distributions	<u>(8,299,999)</u>	<u>(14,999,999)</u>
Capital Share Transactions:		
Proceeds from shares sold		
Class A shares	36,004,798	47,143,762
Class D shares	1,440,663	4,847,777
Class I shares	40,826,769	48,630,325
Proceeds from shares issued to holders in reinvestment of dividends		
Class A shares	2,594,574	4,363,320
Class D shares	607,491	1,095,415
Class I shares	4,109,168	7,933,387
Cost of shares redeemed		
Class A shares	(19,940,171)	(47,255,347)
Class D shares	(2,554,516)	(3,934,038)
Class I shares	<u>(26,053,918)</u>	<u>(64,014,870)</u>
Net increase (decrease) in net assets from capital share transactions	<u>37,034,858</u>	<u>(1,190,269)</u>
Total increase (decrease) in net assets	<u>64,811,324</u>	<u>(40,007,260)</u>
Net Assets:		
Beginning of period	<u>209,180,169</u>	<u>249,187,429</u>
End of period	<u>\$273,991,493</u>	<u>\$209,180,169</u>
Accumulated net investment loss	<u>\$ (1,963,102)</u>	<u>\$ —</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS (Continued)

	Six Months Ended August 31, 2016 <u>(Unaudited)</u>	Year Ended February 29, 2016 <u></u>
Changes in Shares Outstanding:		
Shares sold		
Class A shares	1,578,453	2,020,152
Class D shares	62,003	206,968
Class I shares	1,762,414	2,112,152
Proceeds from shares issued to holders in reinvestment of dividends		
Class A shares	116,683	185,637
Class D shares	27,489	46,662
Class I shares	184,473	335,138
Shares redeemed		
Class A shares	(874,624)	(2,054,826)
Class D shares	(112,114)	(173,549)
Class I shares	<u>(1,157,136)</u>	<u>(2,735,458)</u>
Net increase (decrease) in shares outstanding	<u>1,587,641</u>	<u>(57,124)</u>

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STATEMENT OF CASH FLOWS
For the Six Months Ended August 31, 2016 (Unaudited)

Cash flows from operating activities:

Net increase in net assets resulting from operations	\$ 36,076,465
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:	
Purchases of investments	(227,677,707)
Purchases to cover securities sold short	(163,317,794)
Proceeds from sales of long-term investments	168,014,464
Proceeds from securities sold short	146,485,372
Premiums received on written options	21,958
Purchases of short-term investments, net	(950,609)
Return of capital distributions received from underlying investments	136,196
Amortization and accretion of premium and discount	(68,463)
Net realized gain on investments	(22,668,206)
Net realized loss on short transactions	3,420,701
Change in unrealized appreciation on investments	(9,952,359)
Change in unrealized appreciation on short transactions	(535,246)
Change in unrealized appreciation on written options	(4,458)
Increases (decreases) in operating assets:	
Increase in dividends and interest receivable	(312,795)
Decrease in deposits at broker for short sales	23,918,155
Increase in receivable for investment securities sold	(8,424,214)
Increase in prepaid expenses and other assets	(22,303)
Increases (decreases) in operating liabilities:	
Decrease in payable for investment securities purchased	(9,345,857)
Decrease in dividends payable on short positions	(1,500)
Increase in payable to Advisor	78,930
Increase in payable for distribution and service fees	39,200
Increase in other accrued expenses	119,433
Net cash used in operating activities	<u>(64,970,637)</u>

Cash flows from financing activities:

Proceeds from shares sold	96,430,565
Payment on shares redeemed	(48,462,714)
Cash distributions paid to shareholders	(988,766)
Increase in loan payable	15,980,630
Increase in payable to custodian	1,998,861
Net cash used in financing activities	<u>64,958,576</u>
Net change in cash	(12,061)

Cash:

Beginning balance	<u>12,061</u>
Ending balance	<u>\$ —</u>

Supplemental disclosures:

Cash paid for interest	\$ 287,707
Non-cash financing activities – distributions reinvested	7,311,233
Non-cash financing activities – increase in receivable for Fund shares sold	18,158,335
Non-cash financing activities – decrease in payable for Fund shares redeemed	85,891

The accompanying notes are an integral part of these financial statements.

FINANCIAL HIGHLIGHTS

For a capital share outstanding throughout the period

Class A

	Six Months Ended August 31, 2016 (Unaudited)	For the Year Ended February 29, 2016	For the Year Ended February 28, 2015	June 28, 2013 through February 28, 2014*
Net Asset Value –				
Beginning of Period	\$ 21.31	\$ 25.25	\$ 25.57	\$ 25.00
Income from				
Investment Operations:				
Net investment income (loss)	0.64	0.93	0.97	0.65
Net realized and unrealized gain (loss) on investments	<u>2.87</u>	<u>(3.37)</u>	<u>0.22</u>	<u>0.39</u>
Total from investment operations	<u>3.51</u>	<u>(2.44)</u>	<u>1.19</u>	<u>1.04</u>
Less Distributions:				
Dividends from net investment income	(0.54)	(0.96)	(1.32)	(0.43)
Distributions from net realized gains	—	—	(0.01)	(0.04)
Return of Capital	<u>(0.27)</u>	<u>(0.54)</u>	<u>(0.18)</u>	<u>—</u>
Total distributions	<u>(0.81)</u>	<u>(1.50)</u>	<u>(1.51)</u>	<u>(0.47)</u>
Net Asset Value –				
End of Period	<u>\$ 24.01</u>	<u>\$ 21.31</u>	<u>\$ 25.25</u>	<u>\$ 25.57</u>
Total Return	16.84%+	(10.09)%	4.79%	4.22%+
Ratios and Supplemental Data:				
Net assets, end of period (thousands)	\$94,507	\$66,375	\$74,834	\$14,421
Ratio of operating expenses to average net assets:				
Before Recoupments/Reimbursements	2.05%^	2.15%	1.96%	2.55%^
After Recoupments/Reimbursements	2.04%^	2.15%	2.00%	1.92%^
Ratio of interest expense and dividends on short positions to average net assets	0.40%^	0.48%	0.28%	0.02%^
Ratio of net investment income (loss) to average net assets:				
Before Recoupments/Reimbursements	5.11%^	3.97%	4.53%	5.45%^
After Recoupments/Reimbursements	5.12%^	3.97%	4.49%	6.08%^
Portfolio turnover rate	65%+	127%	185%	119%+

* Commencement of operations for Class A shares was June 28, 2013.

+ Not Annualized

^ Annualized

The accompanying notes are an integral part of these financial statements.

FINANCIAL HIGHLIGHTS (Continued)

For a capital share outstanding throughout the period

Class D

	Six Months Ended August 31, 2016 (Unaudited)	For the Year Ended February 29, 2016	For the Year Ended February 28, 2015	September 27, 2013 through February 28, 2014*
Net Asset Value –				
Beginning of Period	\$ 21.25	\$ 25.17	\$ 25.51	\$ 25.01
Income from				
Investment Operations:				
Net investment income (loss)	0.53	0.82	0.92	0.53
Net realized and unrealized gain (loss) on investments	<u>2.90</u>	<u>(3.37)</u>	<u>0.07</u>	<u>0.44</u>
Total from investment operations	<u>3.43</u>	<u>(2.55)</u>	<u>0.99</u>	<u>0.97</u>
Less Distributions:				
Dividends from net investment income	(0.49)	(0.83)	(1.14)	(0.43)
Distributions from net realized gains	—	—	(0.01)	(0.04)
Return of Capital	<u>(0.27)</u>	<u>(0.54)</u>	<u>(0.18)</u>	<u>—</u>
Total distributions	<u>(0.76)</u>	<u>(1.37)</u>	<u>(1.33)</u>	<u>(0.47)</u>
Net Asset Value –				
End of Period	<u>\$ 23.92</u>	<u>\$ 21.25</u>	<u>\$ 25.17</u>	<u>\$ 25.51</u>
Total Return	16.47%+	(10.56)%	3.97%	3.95%+
Ratios and Supplemental Data:				
Net assets, end of period (thousands)	\$23,552	\$21,405	\$23,336	\$12,450
Ratio of operating expenses to average net assets:				
Before Recoupments/Reimbursements	2.77%^	2.81%	2.70%	2.77%^
After Recoupments/Reimbursements	2.74%^	2.67%	2.76%	2.67%^
Ratio of interest expense and dividends on short positions to average net assets	0.43%^	0.49%	0.27%	0.02%^
Ratio of net investment income (loss) to average net assets:				
Before Recoupments/Reimbursements	4.60%^	3.32%	3.75%	7.62%^
After Recoupments/Reimbursements	4.63%^	3.46%	3.69%	7.72%^
Portfolio turnover rate	65%+	127%	185%	119%+

* Commencement of operations for Class D shares was September 27, 2013.

+ Not Annualized

^ Annualized

The accompanying notes are an integral part of these financial statements.

FINANCIAL HIGHLIGHTS (Continued)

For a capital share outstanding throughout the period

Class I

	Six Months Ended August 31, 2016 (Unaudited)	For the Year Ended February 29, 2016	For the Year Ended February 28, 2015	June 28, 2013 through February 28, 2014*
Net Asset Value –				
Beginning of Period	\$ 21.36	\$ 25.29	\$ 25.60	\$ 25.00
Income from				
Investment Operations:				
Net investment income (loss)	0.67	0.99	1.15	0.59
Net realized and unrealized gain (loss) on investments	<u>2.89</u>	<u>(3.36)</u>	<u>0.12</u>	<u>0.50</u>
Total from investment operations	<u>3.56</u>	<u>(2.37)</u>	<u>1.27</u>	<u>1.09</u>
Less Distributions:				
Dividends from net investment income	(0.56)	(1.02)	(1.39)	(0.45)
Distributions from net realized gains	—	—	(0.01)	(0.04)
Return of Capital	<u>(0.27)</u>	<u>(0.54)</u>	<u>(0.18)</u>	<u>—</u>
Total distributions	<u>(0.83)</u>	<u>(1.56)</u>	<u>(1.58)</u>	<u>(0.49)</u>
Net Asset Value –				
End of Period	<u>\$ 24.09</u>	<u>\$ 21.36</u>	<u>\$ 25.29</u>	<u>\$ 25.60</u>
Total Return	17.05%+	(9.81)%	5.08%	4.44%+
Ratios and Supplemental Data:				
Net assets, end of period (thousands)	\$155,932	\$121,400	\$151,017	\$72,370
Ratio of operating expenses to average net assets:				
Before Recoupments/Reimbursements	1.76%^	1.85%	1.64%	1.96%^
After Recoupments/Reimbursements	1.76%^	1.84%	1.70%	1.62%^
Ratio of interest expense and dividends on short positions to average net assets	0.41%^	0.49%	0.27%	0.02%^
Ratio of net investment income (loss) to average net assets:				
Before Recoupments/Reimbursements	5.53%^	4.21%	4.71%	6.75%^
After Recoupments/Reimbursements	5.53%^	4.22%	4.65%	7.09%^
Portfolio turnover rate	65%+	127%	185%	119%+

* Commencement of operations for Class I shares was June 28, 2013.

+ Not Annualized

^ Annualized

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
August 31, 2016 (Unaudited)

NOTE 1 – ORGANIZATION

The Orinda Income Opportunities Fund (the “Fund”) is a non-diversified series of Advisors Series Trust (the “Trust”), which is registered under the Investment Company Act of 1940 (“1940 Act”), as amended, as an open-end management investment company. The Fund follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 “Financial Services-Investment Companies.” The investment objective of the Income Opportunities Fund is to maximize current income with potential for modest growth of capital. The Fund’s Class A and Class I shares commenced operations on June 28, 2013. The Fund’s Class D shares commenced operations on September 27, 2013. Each class of shares differs principally in its respective shareholder servicing expenses, distribution expenses and sales charges, if any. Each class of shares has identical rights to earnings, assets and voting privileges, except for class-specific expenses and exclusive rights to vote on matters affecting only individual classes.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund. These policies are in conformity with accounting principles generally accepted in the United States of America.

- A. *Security Valuation:* All investments in securities are recorded at their estimated fair value, as described in note 3.
- B. *Federal Income Taxes:* It is the Fund’s policy to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no Federal income or excise tax provisions are required.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has analyzed the Fund’s tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken in its return filed for the open tax year ended 2014-2016, or expected to be taken in the Fund’s 2017 tax return. The Fund identifies its major tax jurisdictions as U.S. Federal and the state of Wisconsin; however, the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

- C. *Securities Transactions, Income and Distributions:* Securities transactions are accounted for on the trade date. Realized gains and losses on securities sold are determined on the basis of identified cost. Interest income is recorded on an accrual basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Withholding taxes on foreign dividends have been provided

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

The Fund distributes substantially all of its net investment income, if any, quarterly, and net realized capital gains, if any, annually. The amount of dividends and distributions to shareholders from net investment income and net realized capital gains is determined in accordance with Federal income tax regulations, which differ from accounting principles generally accepted in the United States of America. To the extent these book/tax differences are permanent, such amounts are reclassified within the capital accounts based on their Federal tax treatment.

Investment income, expenses (other than those specific to the class of shares), and realized and unrealized gains and losses on investments are allocated to the separate classes of the Fund's shares based upon their relative net assets on the date income is earned or expensed and realized and unrealized gains and losses are incurred.

Each Fund is charged for those expenses that are directly attributable to the Fund, such as investment advisory, custody and transfer agent fees. Expenses that are not attributable to a Fund are typically allocated among the Funds in proportion to their respective net assets.

- D. *Use of Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets during the reporting period. Actual results could differ from those estimates.
- E. *Foreign Currency:* Values of investments denominated in foreign currencies are converted into U.S. dollars using the spot market rate of exchange at the time of valuation. Purchases and sales of investments and income are translated into U.S. dollars using the spot market rate of exchange prevailing on the respective dates of such transactions. Foreign investments present additional risks due to currency fluctuations, economic and political factors, lower liquidity, government regulations, differences in accounting standards and other factors.
- F. *Redemption Fees:* The Fund does not charge redemption fees to shareholders.
- G. *Options Transactions:* The Fund may utilize options for hedging purposes as well as direct investment. Some options strategies, including buying puts, tend to hedge the Fund's investments against price fluctuations. Other strategies, such as writing puts and calls and buying calls, tend to increase market exposure. Options contracts may be combined with each other in order to adjust the risk and return characteristics of each Fund's overall strategy in a manner deemed appropriate to the Advisor and consistent with each Fund's investment objective and policies. When a call or put option is written, an amount equal to the premium received is recorded as a liability. The liability is marked-to-market daily to reflect the

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

current fair value of the written option. When a written option expires, a gain is realized in the amount of the premium originally received. If a closing purchase contract is entered into, a gain or loss is realized in the amount of the original premium less the cost of the closing transaction. If a written call option is exercised, a gain or loss is realized from the sale of the underlying security, and the proceeds from such sale are increased by the premium originally received. If a written put option is exercised, the amount of the premium originally received reduces the cost of the security which is purchased upon the exercise of the option.

With options, there is minimal counterparty credit risk to the Fund since the options are covered or secured, which means that the Fund will own the underlying security or, to the extent it does not hold such a portfolio, will maintain a segregated account with the Fund's custodian consisting of high quality liquid debt obligations equal to the market value of the option, marked to market daily.

Options purchased are recorded as investments and marked-to-market daily to reflect the current fair value of the option contract. If an option purchased expires, a loss is realized in the amount of the cost of the option contract. If a closing transaction is entered into, a gain or loss is realized to the extent that the proceeds from the sale are greater or less than the cost of the option. If a purchase put option is exercised, a gain or loss is realized from the sale of the underlying security by adjusting the proceeds from such sale by the amount of the premium originally paid. If a purchased call option is exercised, the cost of the security purchased upon exercise is increased by the premium originally paid.

- H. *Futures Contracts and Options on Futures Contracts:* The Fund is subject to equity price risk, interest rate risk, and foreign currency exchange rate risk in the normal course of pursuing its investment objectives. The Fund uses futures contracts and options on such futures contracts to gain exposure to, or hedge against, changes in the value of equities, interest rates or foreign currencies. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date. Upon entering into such contracts, the Fund is required to deposit with the broker, either in cash or securities, an initial margin deposit in an amount equal to a certain percentage of the contract amount. Subsequent payments (variation margin) are made or received by the Fund each day, depending on the daily fluctuations in the value of the contract, and are recorded for financial statement purposes as unrealized gains or losses by the Fund. Upon entering into such contracts, the Fund bears the risk of interest or exchange rates or securities prices moving unexpectedly, in which case, the Fund may not achieve the anticipated benefits of the futures contracts and may realize a loss. With futures, there is minimal counterparty credit risk to the Fund since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange-traded futures, guarantees the futures against default. The use of futures contracts, and options on futures contracts, involves the risk of imperfect

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

correlation in movements in the price of futures contracts and options thereon, interest rates and the underlying hedged assets.

- I. *Leverage and Short Sales:* The Fund may use leverage in connection with its investment activities and may effect short sales of securities. Leverage can increase the investment returns of the Fund if the securities purchased increase in value in an amount exceeding the cost of the borrowing. However, if the securities decrease in value, the Fund will suffer a greater loss than would have resulted without the use of leverage. A short sale is the sale by the Fund of a security which it does not own in anticipation of purchasing the same security in the future at a lower price to close the short position. A short sale will be successful if the price of the shorted security decreases. However, if the underlying security goes up in price during the period in which the short position is outstanding, the Fund will realize a loss. The risk on a short sale is unlimited because the Fund must buy the shorted security at the higher price to complete the transaction. Therefore, short sales may be subject to greater risks than investments in long positions. With a long position, the maximum sustainable loss is limited to the amount paid for the security plus the transaction costs, whereas there is no maximum attainable price of the shorted security. The Fund would also incur increased transaction costs associated with selling securities short. In addition, if the Fund sells securities short, it must maintain a segregated account with its custodian containing cash or high-grade securities equal to (i) the greater of the current market value of the securities sold short or the market value of such securities at the time they were sold short, less (ii) any collateral deposited with the Fund's broker (not including the proceeds from the short sales). The Fund may be required to add to the segregated account as the market price of a shorted security increases. As a result of maintaining and adding to its segregated account, the Fund may maintain higher levels of cash or liquid assets (for example, U.S. Treasury bills, repurchase agreements, high quality commercial paper and long equity positions) for collateral needs thus reducing its overall managed assets available for trading purposes. The Fund is obligated to pay the counterparty any dividends or interest due on securities sold short. Such dividends and interest are recorded as an expense to the Fund.
- J. *Mutual Fund and ETF Trading Risk:* The Fund may invest in other mutual funds that are either open-end or closed-end investment companies as well as ETFs. ETFs are investment companies that are bought and sold on a national securities exchange. Unlike mutual funds, ETFs do not necessarily trade at the net asset values of their underlying securities, which means an ETF could potentially trade above or below the value of the underlying portfolios. Additionally, because ETFs trade like stocks on exchanges, they are subject to trading and commission costs unlike mutual funds. Also, both mutual funds and ETFs have management fees that are part of their costs, and the Fund will indirectly bear its proportionate share of the costs.

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

K. *Reclassification of Capital Accounts:* Accounting principles generally accepted in the United States of America require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the year ended February 29, 2016, the Fund made the following permanent tax adjustments on the Statements of Assets and Liabilities:

	<u>Undistributed Net Investment Income/(Loss)</u>	<u>Accumulated Net Realized Gain/(Loss)</u>	<u>Paid In Capital</u>
Income Opportunities Fund	\$220,886	\$(776,512)	\$555,626

L. *REITs:* The Fund has made certain investments in real estate investment trusts (“REITs”) which pay dividends to their shareholders based upon available funds from operations. It is quite common for these dividends to exceed the REITs’ taxable earnings and profits resulting in the excess portion being designated as a return of capital. The Fund intends to include the gross dividends from such REITs in its annual distributions to shareholders and, accordingly, a portion of the Fund’s distributions may also be designated as a return of capital.

M. *Events Subsequent to the Fiscal Period End:* In preparing the financial statements as of August 31, 2016, management considered the impact of subsequent events for potential recognition or disclosure in the financial statements.

N. *Disclosure for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent):* In May 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2015-07 “Disclosure for Investments in Certain Entities that Calculate Net Asset Value (“NAV”) per Share (or its equivalent).” The amendments in ASU No. 2015-07 remove the requirement to categorize within the fair value hierarchy investments measured using the NAV practical expedient. The ASU also removes certain disclosure requirements for investments that qualify, but do not utilize, the NAV practical expedient. The amendments in the ASU are effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Management is currently evaluating the impact these changes will have on the Funds’ financial statements and related disclosures.

NOTE 3 – SECURITIES VALUATION

The Fund has adopted authoritative fair value accounting standards which establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value, a discussion of changes in valuation techniques and related inputs during the period, and expanded disclosure of valuation levels for major security types. These inputs are summarized in the three broad levels listed below:

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 – Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

Following is a description of the valuation techniques applied to the Fund’s major categories of assets and liabilities measured at fair value on a recurring basis.

Equity Securities: Equity securities, including common stocks, preferred stocks, foreign- issued common stocks, exchange-traded funds, closed-end mutual funds and real estate investment trusts (REITs), that are primarily traded on a national securities exchange shall be valued at the last sale price on the exchange on which they are primarily traded on the day of valuation or, if there has been no sale on such day, at the mean between the bid and asked prices. Securities primarily traded in the NASDAQ Global Market System for which market quotations are readily available shall be valued using the NASDAQ Official Closing Price (“NOCP”). If the NOCP is not available, such securities shall be valued at the last sale price on the day of valuation, or if there has been no sale on such day, at the mean between the bid and asked prices. Over-the-counter securities which are not traded in the NASDAQ Global Market System shall be valued at the most recent sales price. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in level 1 of the fair value hierarchy.

Investment Companies: Investments in open-end mutual funds, including money market funds, are generally priced at their net asset value per share provided by the service agent of the Fund and will be classified in level 1 of the fair value hierarchy.

Exchange-Traded Notes: Investments in exchange-traded notes are actively traded on a national securities exchange and are valued based on the last sales price from the exchange and are categorized in level 1 of the fair value hierarchy.

Derivative Instruments: Listed derivatives, including options, rights, warrants and futures that are actively traded are valued based on quoted prices from the exchange and are categorized in level 1 of the fair value hierarchy.

Short-Term Debt Securities: Short-term debt securities, including those securities having a maturity of 60 days or less, are valued at the evaluated mean between the bid and asked prices. To the extent the inputs are observable and timely, these securities would be classified in level 2 of the fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

The Board of Trustees (“Board”) has delegated day-to-day valuation issues to a Valuation Committee of Advisors Series Trust which is comprised of representatives from U.S. Bancorp Fund Services, LLC, the Funds’ administrator. The function of the Valuation Committee is to value securities where current and reliable market quotations are not readily available or the closing price does not represent fair value by following procedures approved by the Board. These procedures consider many factors, including the type of security, size of holding, trading volume, and news events. All actions taken by the Valuation Committee are subsequently reviewed and ratified by the Board.

Depending on the relative significance of the valuation inputs, fair valued securities may be classified in either level 2 or level 3 of the fair value hierarchy.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the fair valuation hierarchy of the Fund’s securities as of August 31, 2016:

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Assets</i>				
Common Stocks				
Financials	\$ 1,886,659	\$ —	\$ —	\$ 1,886,659
Utilities	357,000	—	—	357,000
Total Common Stocks	<u>2,243,659</u>	<u>—</u>	<u>—</u>	<u>2,243,659</u>
REITs				
Financials	104,464,258	—	—	104,464,258
Real Estate	4,333,399	—	—	4,333,399
Total REITs	<u>108,797,657</u>	<u>—</u>	<u>—</u>	<u>108,797,657</u>
Convertible Preferred Stocks				
Financials	20,389,814	—	—	20,389,814
Telecommunication Services	135,435	—	—	135,435
Total Convertible Preferred Stocks	<u>20,525,249</u>	<u>—</u>	<u>—</u>	<u>20,525,249</u>
Preferred Stocks				
Real Estate	10,409,663	—	—	10,409,663
Consumer Discretionary	3,323,022	540,736	—	3,863,758
Energy	545,296	—	—	545,296
Financials	137,002,661	8,348,483	—	145,351,144
Industrials	2,105,450	—	—	2,105,450
Telecommunication Services	5,044,274	—	—	5,044,274
Total Preferred Stocks	<u>158,430,366</u>	<u>8,889,219</u>	<u>—</u>	<u>167,319,585</u>
Convertible Bonds				
	—	2,940,000	—	2,940,000
Corporate Bonds				
	—	1,558,750	—	1,558,750
Exchange-Traded Notes				
	1,359,000	—	—	1,359,000
Purchased Options				
Put Options	—	110,000	—	110,000
Total Purchased Options	<u>—</u>	<u>110,000</u>	<u>—</u>	<u>110,000</u>
Short-Term Investments				
	4,171,540	—	—	4,171,540
Total Investments in Securities	<u>\$295,527,471</u>	<u>\$13,497,969</u>	<u>\$ —</u>	<u>\$309,025,440</u>
Total Assets	<u>\$295,527,471</u>	<u>\$13,497,969</u>	<u>\$ —</u>	<u>\$309,025,440</u>
<i>Liabilities</i>				
Securities Sold Short				
	\$ 12,633,220	\$ —	\$ —	\$ 12,633,220
Written Options				
Put Options	—	17,500	—	17,500
Total Liabilities	<u>\$12,633,220</u>	<u>\$17,500</u>	<u>\$ —</u>	<u>\$12,650,720</u>

Refer to the Fund's Schedule of Investments for a detailed breakout of securities. Transfers between levels are recognized at August 31, 2016, the end of the reporting period. The Fund transferred \$10,760,118 from level 2 to level 1 at August 31, 2016

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

because these securities were now being priced at the official close. The Fund transferred \$7,836,819 from level 1 to level 2 at August 31, 2016 because the securities were priced at the mean between the bid and ask spread. There were no level 3 securities held in the Fund on August 31, 2016.

NOTE 4 – DERIVATIVES TRANSACTIONS

The Fund may use derivatives for different purposes, such as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. The various derivative instruments that the Fund may use are options, futures, swaps, and forward foreign currency contracts, among others. The Fund may also use derivatives for leverage, in which case their use would involve leveraging risk. The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, and management risk. A Fund investing in a derivative instrument could lose more than the principal amount invested.

The Fund has adopted the disclosure provisions of FASB Accounting Standard Codification 815, Derivatives and Hedging ("ASC 815"). ASC 815 requires enhanced disclosures about the Fund's use of, and accounting for, derivative instruments and the effect of derivative instruments on the Fund's results of operations and financial position. Tabular disclosure regarding derivative fair value and gain/loss by contract type (e.g., interest rate contracts, foreign exchange contracts, credit contracts, etc.) is required and derivatives accounted for as hedging instruments under ASC 815 must be disclosed separately from those that do not qualify for hedge accounting. Even though the Fund may use derivatives in an attempt to achieve an economic hedge, the Fund's derivatives are not accounted for as hedging instruments under ASC 815 because investment companies account for their derivatives at fair value and record any changes in fair value in current period earnings.

Average Balance Information

The average monthly market values of purchased and written options during the six months ended August 31, 2016 for the Fund were \$18,333 and \$2,917, respectively.

Transactions in written options contracts for the six months ended August 31, 2016, are as follows:

	<u>Number of Contracts</u>	<u>Premiums Received</u>
Beginning Balance	—	\$ —
Options written	(1,000)	(21,958)
Options closed	—	—
Options expired	—	—
Options exercised	—	—
Outstanding at August 31, 2016	<u>(1,000)</u>	<u>\$(21,958)</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

The locations on the Statement of Assets and Liabilities of the Fund's derivative positions by type of exposure, all of which are not accounted for as hedging instruments under ASC 815, are as follows:

Values of Derivative Instruments as of August 31, 2016 on the Statement of Assets and Liabilities:

Derivatives not accounted for as hedging instruments under ASC 815	Assets		Liabilities	
	Location	Fair Value	Location	Fair Value
Equity Contracts – Options	Investments, at fair value	\$110,000	Options written, at value	\$17,500
Total		\$110,000		\$17,500

The effect of Derivative Instruments on the Statement of Operations for the six months ended August 31, 2016:

Change in Unrealized Appreciation or (Depreciation) on Derivatives Recognized in Income

Derivatives not accounted for as hedging instruments under ASC 815	Purchased Options	Written Options	Futures	Total
	Equity Contracts	\$ (7,041)	\$ 4,458	\$ —
Total	\$ (7,041)	\$ 4,458	\$ —	\$ (2,583)

NOTE 5 – INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

For the six months ended August 31, 2016, Orinda Asset Management, LLC (the "Advisor") provided the Fund with investment management services under an Investment Advisory Agreement. The Advisor furnishes all investment advice, office space, and facilities, and provides most of the personnel needed by the Fund. As compensation for its services, the Advisor is entitled to a monthly fee at the annual rate of 1.00% based upon the average daily net assets of the Fund. For the six months ended August 31, 2016, the Fund incurred \$1,194,779 in advisory fees. Advisory fees payable at August 31, 2016 were \$227,643.

The Fund is responsible for its own operating expenses. The Advisor has contractually agreed to waive its fees and/or absorb expenses of the Fund to ensure that the net annual operating expenses (excluding Acquired Fund Fees and Expenses, taxes, interest and dividends on securities sold short and extraordinary expenses) do not exceed the following amounts of the average daily net assets for each class of shares:

Orinda Income Opportunities Fund	
Class A	1.85%
Class D	2.55%
Class I	1.55%

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

Any such reductions made by the Advisor in its fees or payment of expenses which are the Fund's obligations are subject to reimbursement by the Fund to the Advisor, if so requested by the Advisor, in subsequent fiscal years if the aggregate amount actually paid by the Fund toward the operating expenses for such fiscal year (taking into account the reimbursement) does not exceed the applicable limitation on the Fund's expenses. The Advisor is permitted to be reimbursed for fee reductions and expense payments made in the previous three fiscal years. Any such reimbursement is also contingent upon Board of Trustees review and approval at the time the reimbursement is made. Such reimbursement may not be paid prior to the Fund's payment of current ordinary operating expenses. During the six months ended August 31, 2016, the Advisor reimbursed the Fund for shareholder servicing fees in the amount of \$7,568 that was a result of the Fund not fully utilizing the fees that had been earned in fiscal year 2016. This amount will not be subject to recapture in the future.

Cumulative expenses subject to recapture pursuant to the aforementioned conditions and the year of expiration are as follows:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
Income Opportunities Fund	\$ —	\$ —	\$ —	\$ —	\$ —

U.S. Bancorp Fund Services, LLC (the "Administrator") acts as the Fund's Administrator under an Administration Agreement. The Administrator prepares various federal and state regulatory filings, reports and returns for the Fund; prepares reports and materials to be supplied to the Trustees; monitors the activities of the Fund's custodian, transfer agent and accountants; coordinates the preparation and payment of the Fund's expenses and reviews the Fund's expense accruals. U.S. Bancorp Fund Services, LLC also serves as the fund accountant, Chief Compliance Officer and transfer agent to the Fund. U.S. Bank N.A., an affiliate of U.S. Bancorp Fund Services, serves as the Fund's custodian. For the six months ended August 31, 2016, the Fund incurred the following expenses for administration, fund accounting, transfer agency, custody and Chief Compliance Officer fees:

Orinda Income Opportunities Fund

Administration & fund accounting	\$127,504
Custody	\$ 8,620
Transfer agency ^(a)	\$ 47,840
Chief Compliance Officer	\$ 4,524

^(a) Does not include out-of-pocket expenses.

At August 31, 2016, the Fund had payables due to U.S. Bancorp Fund Services, LLC for administration, fund accounting, transfer agency and Chief Compliance Officer fees and to U.S. Bank N.A. for custody fees in the following amounts:

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

Orinda Income Opportunities Fund

Administration & fund accounting	\$66,487
Custody	\$ 4,604
Transfer agency ^(a)	\$24,435
Chief Compliance Officer	\$ 1,843

(a) Does not include out-of-pocket expenses.

Quasar Distributors, LLC (the “Distributor”) acts as the Fund’s principal underwriter in a continuous public offering of the Fund’s shares. The Distributor is an affiliate of the Administrator.

Certain officers of the Fund are employees of the Administrator.

NOTE 6 – DISTRIBUTION AGREEMENT AND PLAN

The Fund has adopted a Distribution Plan pursuant to Rule 12b-1 (the “Plan”). The Plan permits the Fund to pay for distribution and related expenses at an annual rate of up to 0.25% of the average daily net assets of the Fund’s Class A shares and up to 1.00% for the Fund’s Class D shares. The expenses covered by the Plan may include the cost in connection with the promotion and distribution of shares and the provision of personal services to shareholders, including, but not necessarily limited to, advertising, compensation to underwriters, dealers and selling personnel, the printing and mailing of prospectuses to other than current Fund shareholders, and the printing and mailing of sales literature. Payments made pursuant to the Plan will represent compensation for distribution and service activities, not reimbursements for specific expenses incurred. For the six months ended August 31, 2016, the Fund incurred distribution expenses of \$102,391 on the Class A shares and \$113,432 for the Class D shares pursuant to the Plan.

NOTE 7 – SHAREHOLDER SERVICING FEE

The Fund has entered into a shareholder servicing agreement (the “Agreement”) with the Advisor, under which the Advisor will provide, or arrange for others to provide, certain specified shareholder services. As compensation for the provision of shareholder services, the Fund may pay servicing fees at an annual rate of 0.15% of the average daily net assets of the Class A shares and 0.10% of the average daily net assets of the Class D and Class I shares. Payments to the Advisor under the Agreement may reimburse the Advisor for payments it makes to selected brokers, dealers and administrators which have entered into service agreements with the Advisor for services provided to shareholders of the Fund. The services provided by such intermediaries are primarily designed to assist shareholders of the Fund and include the furnishing of office space and equipment, telephone facilities, personnel, and assistance to the Fund in servicing such shareholders. Services provided by such intermediaries also include the provision of support services to the Fund and include establishing and maintaining shareholders’ accounts and record processing, purchase and redemption transactions, answering routine client inquiries regarding the Fund, and providing such other personal services to shareholders as the

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

Fund may reasonably request. For the six months ended August 31, 2016, the Fund incurred, under the Agreement, shareholder servicing fees as follows:

Class A	\$61,435
Class D	\$11,343
Class I	\$67,178

NOTE 8 – SECURITIES TRANSACTIONS

For the six months ended August 31, 2016, the cost of purchases and the proceeds from sales of securities, excluding short-term securities, were as follows:

	<u>Purchases</u>	<u>Sales</u>
Income Opportunities Fund	\$227,677,707	\$164,504,845

There were no purchases or sales of long-term U.S. Government securities.

NOTE 9 – LEVERAGE & LINE OF CREDIT

The Income Opportunities Fund may purchase securities with borrowed money, including bank overdrafts (a form of leverage). The Fund may borrow amounts up to one-third of the value of its assets after giving effect to such borrowing. Leverage exaggerates the effect on the net asset value of any increase or decrease in the market value of the Fund’s portfolio securities. These borrowings will be subject to interest costs, which may or may not be recovered by appreciation of the securities purchased. In certain cases, interest costs may exceed the return received on the securities purchased.

The Fund may also utilize the line of credit for short term financing, if necessary, subject to certain restrictions, in connection with shareholder redemptions. The Fund maintains a separate line of credit with BNP Paribas (acting through its New York Branch). The Fund is charged interest of 1.20% above the one-month London Interbank Offered Rate (“LIBOR”) for borrowings under this agreement. The Fund can borrow up to a maximum of 50% of the market value of assets pledged as collateral. However, depending on the liquidity of the collateral, issuer concentration, debt ratings of fixed income investments, and the share price of equity holdings, the amount eligible to be borrowed can also be less than 50% of the market value of the assets pledged as collateral.

The Fund has pledged a portion of their investment securities as the collateral for their line of credit. As of August 31, 2016, the value of the investment securities pledged as collateral was \$136,087,014. The Fund had an outstanding average daily balance and a weighted average interest rate of \$26.39 million and 1.67%. The maximum amount outstanding for the Fund during the year was \$42,970,250.

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

NOTE 10 – INCOME TAXES AND DISTRIBUTIONS TO SHAREHOLDERS

As of February 29, 2016, the components of accumulated earnings/(losses) on a tax basis were as follows:

	Income Opportunities Fund
Cost of investments ^(a)	<u>\$228,074,730</u>
Gross unrealized appreciation	8,187,555
Gross unrealized depreciation	<u>(20,403,529)</u>
Net unrealized appreciation	<u>(12,215,974)</u>
Undistributed ordinary income	—
Undistributed long-term capital gain	<u>—</u>
Total distributable earnings	<u>—</u>
Other accumulated gains/(losses)	<u>(22,124,038)</u>
Total accumulated earnings/(losses)	<u>\$ (34,340,012)</u>

(a) The difference between the book basis and tax basis net unrealized appreciation and cost is attributable primarily to wash sales and partnerships adjustments.

At February 29, 2016, the Fund had short-term tax basis capital losses with no expiration date of \$13,051,219 to offset future capital gains. The wash sales on short positions, post 30 wash sales, post-October losses, unsettled short deferrals, and unrealized on shorts and options are included in other accumulated gain/loss in the amount of \$1,205,550.

Under recently enacted legislation, capital losses sustained in the year ended December 31, 2011 and in future taxable years will not expire and may be carried over by the Fund without limitation; however, they will retain the character of the original loss. Further, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in the pre-enactment taxable years. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Under pre-enactment law, capital losses could be carried forward for eight years, and carried forward as short-term capital losses, irrespective of the character of the original loss.

The tax character of distributions paid during 2016 and 2015 were as follows:

	Year Ended February 29, 2016	Year Ended February 28, 2015
Ordinary income	\$9,651,787	\$8,772,424
Long-term capital gains	—	63,817
Return of capital	5,348,212	1,164,926

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

At February 29, 2016, the Fund deferred, on a tax basis, post-October losses of:

<u>Short-Term Loss</u>	<u>Long-Term Loss</u>
\$6,062,201	\$1,805,068

NOTE 11 – OTHER TAX INFORMATION (Unaudited)

For the fiscal year ended February 29, 2016, 32.17% of dividends paid from net investment income qualify for the dividends received deduction available to corporate shareholders of the Fund. For shareholders of the Fund, 42.39% of the dividend income distributed for the year ended February 29, 2016 is designated as qualified dividend income under the Jobs and Growth Relief Act of 2003.

NOTE 12 – PRINCIPAL RISKS

Below are summaries of some, but not all, of the principal risks of investing in the Fund, each of which could adversely affect the Fund's NAV, market price, yield, and total return. The Fund's prospectus provided additional information regarding these and other risks of investing in the Fund at the time of initial public offering of the Fund's shares.

Market Risk: The value of the Fund's shares will fluctuate as a result of the movement of the overall stock market or the value of the individual securities held by the Fund, and you could lose money.

Master Limited Partnership Risk: Investments in securities (units) of MLPs involve risks that differ from an investment in common stock. To the extent that an MLP's interests are all in a particular industry, the MLP will be negatively impacted by economic events adversely impacting that industry. Additionally, holders of the units of MLPs have more limited control and limited rights to vote on matters affecting the partnership. There are also certain tax risks associated with an investment in units of MLPs.

Foreign and Emerging Market Securities Risk: Foreign investments may carry risks associated with investing outside the United States, such as currency fluctuation, economic or financial instability, lack of timely or reliable financial information or unfavorable political or legal developments. Those risks are increased for investments in emerging markets.

Currency Risk: Changes in foreign currency exchange rates will affect the value of what the Fund owns and the Fund's share price. Generally, when the U.S. dollar rises in value against a foreign currency, an investment in that country loses value because that currency is worth fewer U.S. dollars. Devaluation of a currency by a country's government or banking authority also will have a significant impact on the value of any investments denominated in that currency. Currency markets generally are not as regulated as securities markets.

Small and Medium Companies Risk: Investing in securities of small and medium capitalization companies may involve greater volatility than investing in larger and more established companies because small and medium capitalization companies can be subject to more abrupt or erratic share price changes than larger, more established companies.

Interest Rate Risk: Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. It is likely there will be less governmental action in the near future to maintain low interest rates. The negative impact on fixed income securities from the resulting rate increases for that and other reasons could be swift and significant.

Fixed Income Securities Risk: Fixed income securities are subject to interest rate risk and credit risk. There is also the risk that an issuer may “call,” or repay, its high yielding bonds before their maturity dates. Fixed income securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. Limited trading opportunities for certain fixed income securities may make it more difficult to sell or buy a security at a favorable price or time.

Real Estate and REIT Concentration Risk: The Fund is vulnerable to the risks of the real estate industry, such as the risk that a decline in rental income may occur because of extended vacancies, the failure to collect rents, increased competition from other properties, or poor management. The value and performance of REITs depends on how well the underlying properties owned by the REIT are managed. In addition, the value of an individual REIT’s securities can decline if the REIT fails to continue qualifying for special tax treatment.

Convertible Bond Risk: Convertible bonds are hybrid securities that have characteristics of both bonds and common stocks and are therefore subject to both debt security risks and equity risk. Convertible bonds are subject to equity risk especially when their conversion value is greater than the interest and principal value of the bond. The prices of equity securities may rise or fall because of economic or political changes and may decline over short or extended periods of time.

Preferred Stock Risk: Preferred stocks may be more volatile than fixed income securities and are more correlated with the issuer’s underlying common stock than fixed income securities. Additionally, the dividend on a preferred stock may be changed or omitted by the issuer.

Initial Public Offering Risk: The Fund may purchase securities of companies that are offered pursuant to an IPO. The risk exists that the market value of IPO shares will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about the issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to market risk and liquidity risk. When the Fund’s asset base is small, a significant portion of the Fund’s performance could be attributable to investments in IPOs, because such investments would have a magnified impact on the Fund. As the Fund’s assets grow, the effect of the Fund’s investments in IPOs on the Fund’s performance probably will decline, which could reduce the Fund’s performance.

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2016 (Unaudited)

Portfolio Turnover Risk: A high portfolio turnover rate (100% or more) increases the Fund's transaction costs (including brokerage commissions and dealer costs), which would adversely impact the Fund's performance. Higher portfolio turnover may result in the realization of more short-term capital gains than if the Fund had lower portfolio turnover.

EXPENSE EXAMPLE
August 31, 2016 (Unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs including sales charges (loads) and redemption fees, if applicable; and (2) ongoing costs, including management fees; distribution and/or service (12b-1 fees); and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period indicated and held for the entire period from March 1, 2016 to August 31, 2016.

Actual Expenses

The information in the table under the heading “Actual” provides information about actual account values and actual expenses. You may use the information in these columns 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 row entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period. There are some account fees that are charged to certain types of accounts, such as Individual Retirement Accounts (generally, a \$15 fee is charged to the account annually) that would increase the amount of expenses paid on your account. The example below does not include portfolio trading commissions and related expenses and other extraordinary expenses as determined under generally accepted accounting principles.

Hypothetical Example for Comparison Purposes

The information in the table under the heading “Hypothetical (5% return before expenses)” provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and 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 the other funds. As noted above, there are some account fees that are charged to certain types of accounts that would increase the amount of expense paid on your account.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs, such as sales charges (loads), redemption fees, or exchange fees. Therefore, the information under the heading “Hypothetical (5% return before expenses)” is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

EXPENSE EXAMPLE (Continued)
August 31, 2016 (Unaudited)

	<u>Beginning Account Value 3/1/16</u>	<u>Ending Account Value 8/31/16</u>	<u>Expenses Paid During Period⁽¹⁾ 3/1/16 – 8/31/16</u>
Actual			
Class A	\$1,000.00	\$1,168.40	\$11.20
Class D	\$1,000.00	\$1,150.74	\$12.57
Class I	\$1,000.00	\$1,170.50	\$ 9.63
Hypothetical (5% return before expenses)			
Class A	\$1,000.00	\$1,014.87	\$10.41
Class D	\$1,000.00	\$1,007.13	\$11.73
Class I	\$1,000.00	\$1,016.33	\$ 8.94

(1) Expenses are equal to the Class A, Class D, and Class I fund shares' annualized expense ratios of 2.05%, 2.77%, and 1.76%, respectively, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the period).

NOTICE TO SHAREHOLDERS
August 31, 2016 (Unaudited)

How to Obtain a Copy of the Fund's Proxy Voting Policies

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling 1-855-467-4632 or on the U.S. Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>.

How to Obtain a Copy of the Fund's Proxy Voting Records for the 12-Month Period Ended June 30, 2016

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling 1-855-467-4632. Furthermore, you can obtain the Fund's proxy voting records on the SEC's website at <http://www.sec.gov>.

Quarterly Filings on Form N-Q

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. The Fund's Form N-Q is available on the SEC's website at <http://www.sec.gov>. The Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling 1-202-551-8090. Information included in the Fund's Form N-Q is also available, upon request, by calling 1-855-467-4632.

Householding

In an effort to decrease costs, the Fund intends to reduce the number of duplicate prospectuses and annual and semi-annual reports you receive by sending only one copy of each to those addresses shared by two or more accounts and to shareholders the Transfer Agent reasonably believes are from the same family or household. Once implemented, if you would like to discontinue householding for your accounts, please call toll-free at 1-855-467-4632 to request individual copies of these documents. Once the Transfer Agent receives notice to stop householding, the Transfer Agent will begin sending individual copies thirty days after receiving your request. This policy does not apply to account statements.

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PRIVACY NOTICE

The Fund collects non-public information about you from the following sources:

- Information we receive about you on applications or other forms;
- Information you give us orally; and/or
- Information about your transactions with us or others.

We do not disclose any non-public personal information about our customers or former customers without the customer's authorization, except as permitted by law or in response to inquiries from governmental authorities. We may share information with affiliated and unaffiliated third parties with whom we have contracts for servicing the Fund. We will provide unaffiliated third parties with only the information necessary to carry out their assigned responsibilities. We maintain physical, electronic and procedural safeguards to guard your non-public personal information and require third parties to treat your personal information with the same high degree of confidentiality.

In the event that you hold shares of the Fund through a financial intermediary, including, but not limited to, a broker-dealer, bank, or trust company, the privacy policy of your financial intermediary would govern how your non-public personal information would be shared by those entities with unaffiliated third parties.

Investment Advisor

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Distributor

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Custodian

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Philadelphia, PA 19103

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Schiff Hardin LLP
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New York, NY 10103

This report is intended for shareholders of the Fund and may not be used as sales literature unless preceded or accompanied by a current prospectus.

Past performance results shown in this report should not be considered a representation of future performance. Share price and returns will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Statements and other information herein are dated and are subject to change.
