



PRESIDIO MULTI-STRATEGY FUND (PMSFX) PERFORMANCE UPDATE & MARKET OUTLOOK

JANUARY 2011

The Presidio Multi-Strategy Fund (PMSFX) was down -0.78% for the month of January¹, bringing inception-to-date performance to +4.4%. Inception to date portfolio volatility (annualized) was approximately 6%, with correlation to the equity markets (S&P 500) of 0.5, and a portfolio beta of 0.24.

Our hedged credit and global equity exposures (U.S. and International Developed) were positive contributors to performance, while our emerging market equity, EM debt, short book, gold and hedges (U.S. Dollar and equity hedges) were the largest detractors to overall performance.

MARKET REVIEW AND OUTLOOK:

Risk assets seem to have continued where they left off in 2010. The S&P 500 was up 2.3% for the month of January, and despite some global unrest (e.g. Egypt) near the end of month, the markets continued their ascent to values not seen since 2008.

And though 2010 was another exceptional year for the equity markets (+15%), we remind ourselves of the volatile and unpredictable nature of the equity markets. Interesting to note, the S&P 500 was down 6% for the first six months of the year (through June 30), and rebounded sharply 23% for the last six months of the year to end at a +15%. We continue to expect a slow, choppy growth environment going forward, which suggests equity prices may go higher but at a more grinding and volatile pace.

Though the economic environment has shown some modest signs of recovery, several unresolved headwinds remain (e.g. continued high unemployment, weak housing recovery, weak corporate spending, etc.), which can of course lead to a wide range of possible outcomes (both good and bad). As such, we are not positioning ourselves too strongly for any one prospective economic scenario, and are trying to balance our risks across a diversified set of asset classes and strategies.

Equities:

Our view on the equity markets has not changed significantly since our last monthly commentary, as we continue to have a neutral view on the equity markets (though the continued run up had made us more cautious of a near-term pull back). On a valuation basis, U.S. equities seem reasonably valued as the implied equity risk premium (using our in-house DCF model) shows reasonable compensation for taking on equity risk versus other risk assets (e.g. an expected 4-5% equity risk premium long term). It is important to remember, however, that the equity risk premium can change over time, as it is affected by both valuation changes in the equity and Treasury markets (e.g. rising Treasury yields, all else equal, reduce the equity risk premium). As such, we keep a close eye on the changing equity risk premium, which helps to guide our understanding and view of how well we are being compensated for the risks that we are taking.

¹ Past performance is no guarantee of future results. Performance noted is gross of sales load. Please refer to disclosures at end of the presentation for additional information.

We have less than 20% of our portfolio's risk budget dedicated to equity and equity related strategies, with an emphasis on relative value strategies (e.g. long-short).

Credit:

Credit spreads tightened a bit in January, reflecting the increased risk appetite among investors. We still find value and opportunity in credit spreads, but given the (still) relatively low absolute yield levels, most of our credit exposure comes in the form of hedged credit, where we seek to hedge out the residual equity and interest rate risk (beta) embedded in the credit positions. We still believe credit markets offer the best risk adjusted return opportunities across the five major risk factors, and our thesis remains that corporate bonds (both investment and non-investment grade) will earn positive returns in the near-to-mid term on continued spread tightening, which is supported by stable and improving (albeit slow) economic and corporate fundamentals and an expected decline in default rates for 2011.

We continue to hedge our credit positions from both interest rate and equity risk. Over one-third of our risk budget is allocated to credit and credit-related assets and strategies.

Duration:

January saw another upward shift in the yield curve, particularly on the long end (while the shorter end remained relatively flat). The benchmark 10-year Treasury yield climbed 12 basis points intra-month before settling to a month end close of 3.42%. The pick up in yields was due to a number of market factors, including higher growth expectations (e.g. higher real yields), as well as inflation expectations stemming from fiscal and monetary policies.

Each day that bond yields rise, their valuations become more appealing than the day before. And though yields (10-Yrs) have bounced back significantly since the 2.4% witnessed in October, current valuations still do not look attractive on a longer term basis, as bond valuations (and corresponding yield levels) are still, in our view, unappealing from a risk-reward perspective. Despite the unfavorable outlook on bonds, we continue to believe that an allocation to high quality duration (interest rate sensitive) assets is a necessary component to serve as a deflation hedge against a potential deflationary (and disinflationary) scenario.

We continue to have less than 15% of our risk budget dedicated to duration related themes and strategies.

Commodities:

Despite the recent run-up in energy and natural resource prices, we continue to maintain our longer-term bullish thesis in the commodity complex (particularly energy and natural resources). We believe commodity prices should be well supported over the intermediate and longer term, as growth and increased consumption demand in emerging market economies take fold. More specifically, within the commodity complex, we find equity-linked energy and natural resource names more attractive than their derivative (futures) counterparts.

Gold continues to be a part of the overall portfolio, as its unique risk characteristics provide lowly correlated exposures to the rest of the portfolio.

Less than 15% of our risk budget is dedicated to commodity themes and strategies.

Currencies:

We continue to have long exposure to the USD, with its primary role in the portfolio to hedge out a significant part of the currency beta in our other non-dollar asset exposures in the portfolio (e.g. commodities, international stocks, gold, international sovereign debt).

We have less than 5% of our risk budget dedicated to currency themes and strategies.

Disclosures:

Performance Information

Since Inception (without sales load)	Since Inception (with sales load)	Expense Ratio (Gross)	Expense Ratio (Net)
4.40%	(1.34)%	1.82%	1.75%

Performance shown is for the period ended January 31, 2011. The performance data quoted above represents past performance, which is not a guarantee of future results. Investment return and principal value of an investment in the Funds will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Shares of the Fund have a maximum sales load of 5.50%. The sales load may be reduced or eliminated under certain conditions described in the prospectus. To obtain more current performance data regarding the Funds, including performance data current to the Funds' most recent month-end, please visit www.ncfunds.com.

**The Funds' inception date is July 7, 2010.*

***Gross expense ratio is from the Funds' prospectus dated June 14, 2010.*

****The Fund has entered into a consolidated fee arrangement with the Fund's administrator that covers the regular operating expenses of the Fund for an inclusive fee based on the Fund's average daily net assets. Beyond the fee paid to the administrator, the Fund does not anticipate that shareholders of the Fund will incur any Other Expenses in the current fiscal year.*

An investor should consider the investment objectives, risks, and charges and expenses of the Fund before investing. The prospectus contains this and other information about the Fund. A copy of the prospectus is available by clicking here or calling the fund directly at 800-773-3863. The prospectus should be read carefully before investing.

An investment in the Fund is subject to investment risks, including the possible loss of some or the entire principal amount invested. There can be no assurance that the Fund will be successful in meeting its investment objective. Investment in the Fund is also subject to the following risks: market risk, sector risk, portfolio turnover risk, investment advisor risk, new fund risk, foreign securities and emerging markets risk, currency risk, political/economic risk, derivative risk, currency option transactions risk, currency futures risk, leverage risk, counterparty risk, short sales risk, risks related to investing in other investment companies, etn risk, small cap and mid cap securities risk, interest rate and credit risk, maturity risk, inflation risk, investment grade securities risk, lower rated securities or junk bonds risk, risks of investing in corporate debt securities. More information about these risks and other risks can be found in the Fund's prospectus.

*The Presidio Multi-Strategy Fund is distributed by **Capital Investment Group, Inc., Member FINRA/SIPC, 17 Glenwood Ave., Raleigh, NC 27603**. There is no affiliation between Presidio Capital Investments, LLC, including its principals, and Capital Investment Group, Inc.*

Explanation of Statistics

Volatility:

Volatility is measured as annualized standard deviation and is considered a measure of risk. Annualized standard deviation is calculated using standard methodology of taking the standard deviation of realized daily

returns multiplied by the square root of the number of trading days in a year (assumed at 250). Volatility is a statistical measure that provides an estimate of the dispersion (or range) of potential returns.

When used in conjunction with the assumption of a normal distribution, investors may use standard deviation to make probability statements about potential return outcomes. For example, a portfolio with an expected annual return of 5%, and an annualized volatility of 10%, can be interpreted as the following: There is 68% chance that the return of this portfolio, in any given year, may be in the range of -5% to +15%, with a 32% chance that the return will be outside of this range.

Taking it one step further, it can also be interpreted as: There is a 95% chance that the return of this portfolio, in any given year, may be in the range of -14.6% to +24.6%, with a 5% chance that the return will be outside of this range.

Investors should be aware that volatility estimates, like any other “statistics”, are not constant, and that they may change as the capital markets change and as the composition of the underlying portfolio changes.

Correlation:

Correlation is a measure of tendency for two assets to move together, and is bound between -1 to 1. For example, a correlation of +1 indicates perfect correlation between two assets and their tendency to move in a certain direction. Conversely, a correlation of -1 between two assets indicate perfect negative correlation and the tendency to move in opposite direction. A correlation of 0 between two assets indicate no relationship or tendency to move together.

Beta:

Beta is a measure of the price sensitivity of an asset (or portfolio) to the broader market, and is also considered a risk statistic. Beta was calculated by regressing the daily returns of the fund and daily returns of the S&P 500 (for the time period from fund inception through 11/30/10).

Investors may use beta estimates to gauge the relative risk of an asset or portfolio. For example, an asset (or portfolio) with a beta of 1.5 suggests that that asset (or portfolio) may move 1.5 times that of the movement of the broader market. If, for example, the S&P is down 10%, this asset (portfolio) with a beta of 1.5 is expected to be down 15% ($= -10\% \times 1.5$).

Conversely, if an asset (portfolio) has a beta of 0.5, it is expected to move 0.5 times that of the broader market. If, for example, the S&P is down 10%, this asset (portfolio) with a beta of 0.5 is expected to be down 5% ($= -10\% \times 0.5$).

Investors should be aware that beta estimates, like any other “statistics”, are not constant, and that they may change as the capital markets change and as the composition of the underlying portfolio changes.