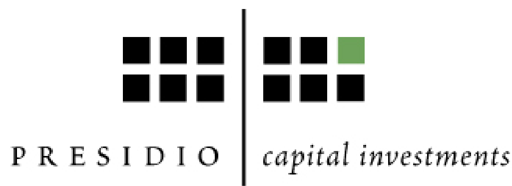

PRESIDIO MULTI-STRATEGY FUND (PMSFX)
PERFORMANCE UPDATE & MARKET OUTLOOK

JUNE 2011

The Presidio Multi-Strategy Fund (PMSFX) was down -1.50% for the month of June, bringing net inception-to-date performance to +8.1% and year-to-date performance to +2.7%, respectively. Inception-to-date portfolio volatility (annualized) was approximately 5.8%, with correlation to the equity markets (S&P 500) of 0.5, and a portfolio beta of 0.2.

DON'T BLINK

Once again, the capital markets showed us that they can be volatile and fast moving. From June 1 through June 24, we witnessed an abrupt and aggressive flight to safety, with the equity markets (S&P 500) suffering a near -6% loss and 10-yr Treasury yields falling nearly 20 basis points during this period. It was evident that investors were concerned about the issues with Greece and peripheral Eurozone countries, the possibility of an economic double dip, the debt ceiling, and the ending of QE2 (among others). And suddenly, like a flip of a switch, the S&P rallied +4.1% in the final 4 days of June to end the month down -1.8%, while 10-Yr. Treasuries yields added 30 basis points to end the month at 3.18%.

Though we never like to view a single month as a trend, June once again highlighted the volatile and uncertain nature of the capital markets. And, it reminds us of the importance in maintaining a highly diversified portfolio with multiple (and hopefully lowly correlated) return streams. That, we believe, is the foundation of achieving steady, compounded growth, especially during a period of heightened risk.

The contributor(s)/detractor(s) to the Fund's performance, by magnitude, were:

Description	MTD Performance Contribution
▪ Safety Portfolio	+0.10%
▪ Opportunistic Portfolio	+0.05%
▪ Duration Portfolio (e.g. deflation hedges)	-0.15%
▪ Hedged Credit Portfolio	-0.20%
▪ Global Equity Portfolio	-0.30%
▪ Commodities Portfolio (e.g. inflation hedges)	-0.50%
▪ Relative Value Portfolio	-0.50%

MARKET OUTLOOK:

Equities:

- Despite the recent drawdown in the equity markets (May and June), we continue to have a neutral to slightly negative view on equities.

- On a valuation basis, equities seem fairly valued (to slightly overvalued) as the implied equity risk premium offers just about "average" compensation for taking on equity risk. Based on today's prices, our estimate of the longer-term equity risk premium is around 4 – 5%. We understand that many portfolio managers use forward, consensus earnings as a part of their discounted cash flow models, and in doing so, implied equity risk premium may actually be in the range of 5 – 7%. However, our preferred approach is to use normalized earnings (average earnings over the last 5 and 10 years) in order to smooth out earnings cyclicality. This, we believe, provides a much better base-line cash flow measure to use in our valuation work.

- Though equities provide 'reasonable' compensation, there are many storm clouds ahead that cause us to pause and reflect on the expected risk-adjusted returns of this asset class. May break heightened risk environment, including a lack-luster recovery, continued deleveraging, deficits, austerity, euro-zone. With all the instability and uncertainty, we don't believe equities offer attractive risk-adjusted opportunities. And near-term, risks are likely to be skewed to the downside.

- With the VIX below 16 (as of this writing), market complacency may again be sinking in (again). Equity protection is relatively cheap at these levels, and we have been slowly increasing our hedges.

- Within equities, we believe Japanese and non-US equities are more attractive on a relative basis.

- We have about 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:

- We still believe credit markets offer the best risk adjusted return opportunities across the five major risk factors.

- Early in the year, credit spreads began to tighten and we slowly reduced our position in hedged credit. However, spreads have recently widened out (particularly on the investment grade side) and we have been slowly building up that position.

- We have also been building this position through the use of synthetics, which in many cases, have provided an extra yield pick up of 100 – 200 basis points.

- We continue to hedge our credit positions from both interest rate and equity risk through shorting interest rate and equity beta.

- We have a little over 30% of our risk budget allocated to credit and credit-related assets and strategies.

Duration:

- Bond valuations (and corresponding yield levels) are still, in our view, unappealing from a risk-reward perspective. We believe a fair yield (real yield + inflation + risk premium) for the 10-year Treasury lies in the range of 4.25 – 4.75%. 10-year Treasuries are just above 3.1% as of this writing.

- Despite our outlook on bonds, an allocation to duration neutral, high quality fixed income assets is a necessary component to serve as a deflationary (and disinflationary) hedge.

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

Commodities:

- We believe commodity prices should be well supported (though volatile) over the intermediate and longer term, as growth and increased consumption demand in emerging market economies take fold (commodity exposure can also be thought of as a derivative play on the emerging markets).

- More specifically, within the commodity complex, we find beta-neutral equity-linked energy and natural resource names more attractive than its derivative (futures) counterparts (which introduces contango risk). However, we do have some exposure to futures-based ETF's, which we believe are more sensitive to commodity price spikes.

- We have under 20% of our risk budget dedicated to commodity themes and strategies.

Currencies:

- Our longer-term, secular view on the dollar is still bearish, however, given the speed and magnitude of the recent decline of the dollar (on a trade weighted basis), we wouldn't be surprised of a short-to-intermediate term bounce.

- Despite our view on the dollar, we continue to have some long-dollar exposure in the portfolio for the purpose of hedging several of our non-dollar exposures (e.g. non-US equities, international fixed income and commodity exposures).

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

Performance Information as of:	Since Inception* (no load)	Since Inception* (with load)	Expense Ratio (Gross)**	Expense Ratio (Net)***
June 30, 2011	8.10%	3.51%	2.13%	1.75%

Performance shown is for the periods ended June 30, 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 Fund 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 4.25%. The sales load may be reduced or eliminated under certain conditions described in the prospectus. To obtain more current performance data regarding the Fund, 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 February 28, 2011.*

**** The Advisor has entered into an Operating Plan Agreement with the Administrator that runs through October 1, 2012 where it has agreed to assume certain expenses of the Administrator to the extent the operating expenses of the Fund exceed 1.75%.*

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 noted month end).

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% x 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% x 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.