



BAYWOOD FUNDS

Annual Report
September 30, 2016

Advised by:
SKBA Capital Management, LLC
www.baywoodfunds.com

BAYWOOD VALUEPLUS FUND

A MESSAGE TO OUR SHAREHOLDERS (Unaudited)

SEPTEMBER 30, 2016

Dear Shareholder,

We are pleased to report our economic and financial market perspectives and the investment activities for the Baywood ValuePlus Fund (the “Fund”) for the ten months ended September, 2016. The Fund is a large-capitalization value fund that purchases primarily dividend-paying companies traded on U.S. exchanges and uses SKBA Capital Management’s (“SKBA”) Relative Dividend Yield (RDY) discipline as the initial valuation framework. We believe that RDY points out attractive investment opportunities, not simply among companies with above-average dividend yield, but just as importantly among stocks for which low expectations are already discounted into their valuations at the time of purchase. This provides the potential for attractive capital appreciation opportunities, while offering desirable downside protection.

The ten month period ending September 2016 marked a new regime in the market. The robust market advances of the prior years abated and we have begun a period marked with uncertainty which precipitates wild market swings at just the slightest hint of disappointment. This was twice on display in 2016. The first instance occurred in the first month and a half of the year when the broad market lost as much as 12%. What struck us, however, was the nature of the sell-off not just the sell-off itself. A number of high-flying stocks responsible for advancing the indexes over the last 5-7 years, companies like Facebook, Amazon, Netflix and Google (Alphabet) declined the most, as did other, less recognizable, highly valued companies. At the same time companies we tend to favor and own suddenly came into favor. These less exciting, stable, high cash flow yielding, yet out-of-favor companies declined much less than the recent high-flyers. During these early weeks of the year the Baywood ValuePlus fund outperformed its benchmarks meaningfully.

Not surprisingly, sectors commonly believed to be “defensive”, many of which have high dividend yields like utilities and telecom also outperformed. We happen to be underweight telecom and utilities for the opposite reason so many others find them attractive. The historical tendency of these sectors to be defensive in periods of extreme volatility coupled with low worldwide investment yields has resulted in extraordinary demand for these expensive yet relatively high-yielding investments. Global bond substitution effects in the search for yield have resulted in valuations inconsistent with what we view as generally poor company fundamentals. As value investors having experienced many cycles, we can confidently state that market regimes change over time. Yesterday’s low beta, low volatility, defensive, perceived to be safe investments are often tomorrow’s blow-ups. Electric utilities, for example, are currently more highly valued than they arguably have ever been while their dividend yields are near record lows for the industry. Out-of-favor, they are not. But what about fundamentals? Are the high valuations associated with improving fundamentals? With valuations at record highs and dividend yields at record lows, what are investors paying for if not extraordinary fundamental improvement? Alas, this is where we take exception. The utility business model is under pressure from more efficient households and enterprises. Power demand as a function of GDP is at an all-time low, with conceivably more room to squeeze out efficiencies. Renewable resources put strain on the grid as well as lower the price of electricity without commensurate decreases in cost. Furthermore, with the recent strides in storage technology (batteries), prospective profitability looks to decrease, not increase.

This is where we differ from many of our contemporaries. As value investors we simply look for stocks that are out-of-favor, where the relative dividend yield is high due to a depressed stock price, not purely by dividend policy. Dividend policies in and of themselves can be highly misleading. For example, before the crash in oil prices, several exploration and production companies that have no business paying a dividend, let alone one high enough to be attractive, had high absolute dividend yields. This was not due to their stock prices being depressed or their cash flows being in excess of their capital needs, it was due to managements trying to appeal to a certain investor base looking for yield. When the price of the commodity dropped and no offsetting business like refining was able to mitigate losses tied to production; dividends had to be slashed and with it went the price of their shares.

Instead we look for sustainable businesses, often with market leading positions in their respective industries that have strong enough balance sheets to support a healthy dividend policy and have become temporarily out-of-favor. Companies like Packaging Corp, Albemarle, Baxter and Chubb all contributed meaningfully in recent months, yet would not otherwise be considered “defensive” under recently accepted definitions. These companies’ historic betas may have been somewhat elevated at time of purchase, and would not have typically fit in a “low-vol” strategy, yet in fact proved to be much more defensive due to valuations low enough to provide downside protection and capture market upside during a recovery.

Market regimes change and what was true last year may no longer be this year. In the latter half of the fund’s fiscal year, utility stocks began to fall out of favor. Bond substitution, the only leg upon which such securities were priced, vanished with the Fed signaling a change in policy. Technical factors driving up prices of traditionally high yielding sectors ceased, which helped contribute meaningfully to the fund’s returns over the second half of the fiscal year. ValuePlus’ absolute returns will not always keep up with very robust market advances as we experienced between 2012 and 2014. Under more normal environments and those with heightened volatility as we recently experienced, the increase in our investment opportunity set resulted in the fund performing

BAYWOOD VALUEPLUS FUND

A MESSAGE TO OUR SHAREHOLDERS (Unaudited)

SEPTEMBER 30, 2016

very well in its Morningstar Large Cap Value category over this past year. Following an unprecedented period of consecutive yearly increases in the stock market, it is unlikely that returns in the future will be as strong as they have been. The market regime has shifted. To investors like ourselves, however, the uncertainty of myriad geo-political and economic events worldwide is likely to continue to offer an increased investment opportunity set. As such, we should continue to find attractive investment prospects in the foreseeable future.

We look forward to reporting to you in our semi-annual shareholder letter in another few months.

For more detailed information on SKBA Capital Management, LLC and our investment process and perspectives, visit our website at www.SKBA.com.

Current and future portfolio holdings are subject to change and risk.

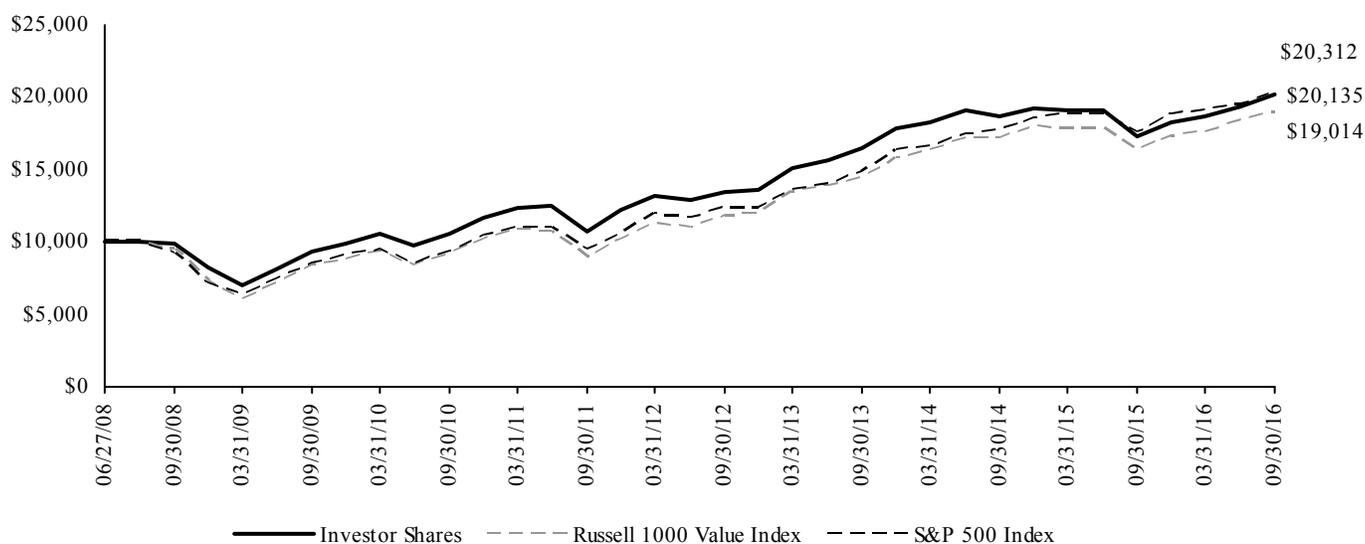
The Morningstar category is used to compare fund performance to its peers. It is not possible to invest directly into an index or category. Past performance is no guarantee of future results.

Risk Considerations: Mutual fund investing involves risk, including the possible loss of principal. The Fund primarily invests in undervalued securities, which may not appreciate in value as anticipated by the Advisor or remain undervalued for longer than anticipated. The Fund may invest in American Depositary Receipts (ADRs), which involves risks relating to political, economic or regulatory conditions in foreign countries and may cause greater volatility and less liquidity. The Fund may also invest in convertible securities and preferred stock, which may be adversely affected as interest rates rise.

BAYWOOD VALUEPLUS FUND
PERFORMANCE CHART AND ANALYSIS (Unaudited)
SEPTEMBER 30, 2016

The following charts reflect the change in the value of a hypothetical \$10,000 investment and \$100,000 investment in Investor and Institutional Shares, respectively, including reinvested dividends and distributions, in Baywood ValuePlus Fund (the "Fund") compared with the performance of the primary benchmark, Russell 1000 Value Index, and the secondary benchmark, S&P 500 Index, since inception. The Russell 1000 Value Index is an unmanaged index which measures the performance of the large-cap value segment of the Russell 1000 companies (that is, the 1,000 largest U.S. companies in terms of market capitalization) with lower price-to-book ratios and lower forecasted growth values. The S&P 500 is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. The total return of both the Russell 1000 Value Index and S&P 500 Index include the reinvestment of dividends and income. The total return of the Fund includes operating expenses that reduce returns, while the total return of the Russell 1000 Value Index and S&P 500 Index do not include expenses. The Fund is professionally managed, while the Russell 1000 Value Index and S&P 500 Index are unmanaged and are not available for investment.

**Comparison of Change in Value of a \$10,000 Investment
Investor Shares vs. Russell 1000 Value Index and S&P 500 Index**



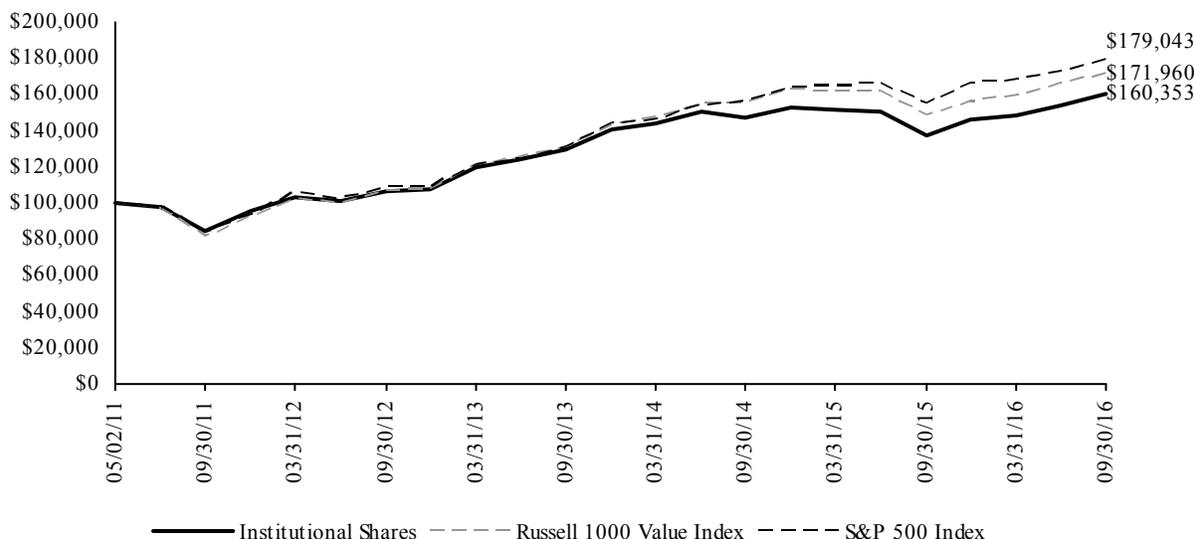
**Average Annual Total Returns
Periods Ended September 30, 2016**

	One Year	Five Years	Since Inception (06/27/08)
Baywood ValuePlus Fund – Investor Shares*	16.24%	13.33%	8.84%
Russell 1000 Value Index	16.19%	16.15%	8.09%
S&P 500 Index	15.43%	16.37%	8.96%

*The Fund's Investor Shares performance for periods prior to the commencement of operations (12/2/13) is that of a collective investment trust managed by the Fund's Advisor and portfolio management team. The Investor Shares of the collective investment trust commenced operations on June 27, 2008.

BAYWOOD VALUEPLUS FUND
PERFORMANCE CHART AND ANALYSIS (Unaudited)
SEPTEMBER 30, 2016

**Comparison of Change in Value of a \$100,000 Investment
Institutional Shares vs. Russell 1000 Value Index and S&P 500 Index**



Average Annual Total Returns

Periods Ended September 30, 2016

	One Year	Five Years	Since Inception (05/02/11)
Baywood ValuePlus Fund – Institutional Shares*	16.61%	13.60%	9.11%
Russell 1000 Value Index	16.19%	16.15%	10.53%
S&P 500 Index	15.43%	16.37%	11.36%

*The Fund's Institutional Shares performance for periods prior to the commencement of operations (12/2/13) is that of a collective investment trust managed by the Fund's Advisor and portfolio management team. The Institutional Shares of the collective investment trust commenced operations on May 2, 2011.

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than original cost. For the most recent month-end performance, please call (855) 409-2297. As stated in the Fund's prospectus, the annual operating expense ratios (gross) for Investor Shares and Institutional Shares are 5.80% and 2.09%, respectively. However, the Fund's advisor has agreed to contractually waive its fees and/or reimburse expenses such that total operating expenses (excluding all taxes, interest, portfolio transaction expenses, acquired fund fees and expenses, proxy expenses and extraordinary expenses) do not exceed 0.95% and 0.70% for Investor Shares and Institutional Shares, respectively through March 31, 2017 (the "Expense Cap"). The Fund may repay the Advisor for fees waived and expenses reimbursed pursuant to the expense cap if such payment is made within three years of the fee waiver or expense reimbursement, is approved by the Fund's Board of Trustees, and the reimbursement does not cause the Fund's net annual operating expenses of that class to exceed the expense cap in place at the time the fees were waived. During the period, certain fees were waived and/or expenses reimbursed, otherwise returns would have been lower. The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns greater than one year are annualized.

BAYWOOD VALUEPLUS FUND
SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2016

<u>Shares</u>	<u>Security Description</u>	<u>Value</u>	<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
Common Stock - 95.6%			275	Baxter International, Inc.	\$ 13,090
Basic Materials - 8.1%			100	Becton Dickinson and Co.	17,973
	300 Albemarle Corp.	\$ 25,647	800	Eli Lilly & Co.	64,208
	1,200 Goldcorp, Inc.	19,824	1,000	HealthSouth Corp.	40,570
	600 LyondellBasell Industries NV, Class A	48,396	200	Johnson & Johnson	23,626
	600 Packaging Corp. of America	48,756	1,100	Koninklijke Philips NV, ADR	32,549
	1,600 The Mosaic Co.	39,136			<u>242,472</u>
		<u>181,759</u>	Technology - 15.0%		
Capital Goods / Industrials - 10.5%			2,100	Cisco Systems, Inc.	66,612
	200 Caterpillar, Inc.	17,754	500	Harris Corp.	45,805
	500 Eaton Corp. PLC	32,855	200	International Business Machines Corp.	31,770
	1,000 Republic Services, Inc.	50,450	1,200	Microsoft Corp.	69,120
	400 Stanley Black & Decker, Inc.	49,192	800	QUALCOMM, Inc.	54,800
	500 The Boeing Co.	65,870	700	TE Connectivity, Ltd.	45,066
	200 Union Pacific Corp.	19,506	300	Texas Instruments, Inc.	21,054
		<u>235,627</u>			<u>334,227</u>
Consumer Cyclical - 4.5%			Telecommunications - 2.3%		
	2,500 Ford Motor Co.	30,175	1,000	Verizon Communications, Inc.	51,980
	1,000 Mattel, Inc.	30,280	Transportation - 0.9%		
	600 Target Corp.	41,208	300	CH Robinson Worldwide, Inc.	21,138
		<u>101,663</u>	Utilities - 1.2%		
Consumer Staples - 7.4%			800	Exelon Corp.	26,632
	500 PepsiCo, Inc.	54,385	Total Common Stock		
	600 The Procter & Gamble Co.	53,850	(Cost \$1,966,412)		
	800 Wal-Mart Stores, Inc.	57,696	<u>2,137,270</u>		
		<u>165,931</u>	Money Market Fund - 5.0%		
Energy - 15.4%			111,214	Federated Government	
	1,600 BP PLC, ADR	56,256		Obligations Fund, 0.27% ^(a) (Cost	
	600 Chevron Corp.	61,752		\$111,214)	<u>111,214</u>
	800 ConocoPhillips	34,776	Total Investments - 100.6%		
	500 Helmerich & Payne, Inc.	33,650	(Cost \$2,077,626)*		
	1,100 Occidental Petroleum Corp.	80,212	\$ 2,248,484		
	300 Phillips 66	24,165	Other Assets & Liabilities, Net - (0.6)%		
	400 Schlumberger, Ltd.	31,456	(14,169)		
	400 Valero Energy Corp.	21,200	Net Assets - 100.0%		
		<u>343,467</u>	\$ 2,234,315		
Financials - 19.4%			ADR	American Depositary Receipt	
	1,000 BB&T Corp.	37,720	PLC	Public Limited Company	
	500 BOK Financial Corp.	34,485	(a)	Variable rate security. Rate presented is as of September 30, 2016.	
	340 Chubb, Ltd.	42,721	* Cost for federal income tax purposes is \$2,102,642 and net		
	800 FNF Group	29,528	unrealized appreciation consists of:		
	1,000 Invesco, Ltd.	31,270	Gross Unrealized Appreciation	\$ 206,343	
	700 JPMorgan Chase & Co.	46,613	Gross Unrealized Depreciation	(60,501)	
	600 M&T Bank Corp.	69,660	Net Unrealized Appreciation	<u>\$ 145,842</u>	
	1,400 MetLife, Inc.	62,202			
	1,100 U.S. Bancorp	47,179			
	700 Wells Fargo & Co.	30,996			
		<u>432,374</u>			
Health Care - 10.9%					
	800 AbbVie, Inc.	50,456			

BAYWOOD VALUEPLUS FUND

SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2016

The following is a summary of the inputs used to value the Fund's investments as of September 30, 2016.

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used in the table below, please refer to the Security Valuation section in Note 2 of the accompanying Notes to Financial Statements.

<u>Valuation Inputs</u>	<u>Investments in Securities</u>
Level 1 - Quoted Prices	\$ 2,137,270
Level 2 - Other Significant Observable Inputs	111,214
Level 3 - Significant Unobservable Inputs	-
Total	<u>\$ 2,248,484</u>

The Level 1 value displayed in this table is Common Stock. The Level 2 value displayed in this table is a Money Market Fund. Refer to this Schedule of Investments for a further breakout of each security by industry.

The Fund utilizes the end of period methodology when determining transfers. There were no transfers among Level 1, Level 2 and Level 3 for the period ended September 30, 2016.

PORTFOLIO HOLDINGS**% of Total Investments**

Basic Materials	8.1%
Capital Goods / Industrials	10.4%
Consumer Cyclicals	4.5%
Consumer Staples	7.4%
Energy	15.3%
Financials	19.2%
Health Care	10.8%
Technology	14.9%
Telecommunications	2.3%
Transportation	0.9%
Utilities	1.2%
Money Market Fund	5.0%
	<u>100.0%</u>

BAYWOOD VALUEPLUS FUND
STATEMENT OF ASSETS AND LIABILITIES
SEPTEMBER 30, 2016

ASSETS

Total investments, at value (Cost \$2,077,626)	\$ 2,248,484
Receivables:	
Fund shares sold	2,404
Investment securities sold	3,074
Dividends	2,666
From investment advisor	8,044
Prepaid expenses	9,448
Total Assets	<u>2,274,120</u>

LIABILITIES

Payables:	
Investment securities purchased	13,143
Accrued Liabilities:	
Fund services fees	4,281
Other expenses	22,381
Total Liabilities	<u>39,805</u>

NET ASSETS

\$ 2,234,315

COMPONENTS OF NET ASSETS

Paid-in capital	\$ 2,048,032
Undistributed net investment income	4,234
Accumulated net realized gain	11,191
Net unrealized appreciation	170,858
NET ASSETS	<u>\$ 2,234,315</u>

SHARES OF BENEFICIAL INTEREST AT NO PAR VALUE (UNLIMITED SHARES AUTHORIZED)

Investor Shares	109,420
Institutional Shares	34,363

NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE

Investor Shares (based on net assets of \$1,698,610)	<u>\$ 15.52</u>
Institutional Shares (based on net assets of \$535,705)	<u>\$ 15.59</u>

BAYWOOD VALUEPLUS FUND
STATEMENTS OF OPERATIONS

	December 1, 2015 Through September 30, 2016*	For the Year Ended November 30, 2015
INVESTMENT INCOME		
Dividend income (Net of foreign withholding taxes of \$125 and \$469, respectively)	\$ 47,743	\$ 287,641
Total Investment Income	<u>47,743</u>	<u>287,641</u>
EXPENSES		
Investment advisor fees	7,909	49,163
Fund services fees	51,532	80,000
Transfer agent fees:		
Investor Shares	15,150	18,180
Institutional Shares	15,150	18,180
Distribution fees:		
Investor Shares	2,967	3,514
Custodian fees	5,633	5,000
Registration fees:		
Investor Shares	13,054	13,663
Institutional Shares	13,083	13,397
Professional fees	24,637	34,391
Trustees' fees and expenses	2,519	2,587
Miscellaneous expenses	17,219	19,822
Total Expenses	<u>168,853</u>	<u>257,897</u>
Fees waived and expenses reimbursed	<u>(154,812)</u>	<u>(185,556)</u>
Net Expenses	<u>14,041</u>	<u>72,341</u>
NET INVESTMENT INCOME	<u>33,702</u>	<u>215,300</u>
NET REALIZED AND UNREALIZED GAIN (LOSS)		
Net realized gain on investments	54,453	1,216,102
Net change in unrealized appreciation (depreciation) on investments	75,799	(2,370,562)
NET REALIZED AND UNREALIZED GAIN (LOSS)	<u>130,252</u>	<u>(1,154,460)</u>
INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 163,954</u>	<u>\$ (939,160)</u>

* Effective March 24, 2016, the Fund changed its fiscal year end from November 30 to September 30.

BAYWOOD VALUEPLUS FUND
STATEMENTS OF CHANGES IN NET ASSETS

	December 1, 2015 Through September 30, 2016*	For the Year Ended November 30, 2015	December 2, 2013** Through November 30, 2014
OPERATIONS			
Net investment income	\$ 33,702	\$ 215,300	\$ 268,748
Net realized gain	54,453	1,216,102	900,291
Net change in unrealized appreciation (depreciation)	75,799	(2,370,562)	93,057
Increase (Decrease) in Net Assets Resulting from Operations	<u>163,954</u>	<u>(939,160)</u>	<u>1,262,096</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM			
Net investment income:			
Investor Shares	(184,835)	(21,548)	(4,507)
Institutional Shares	(59,920)	(215,813)	(25,497)
Net realized gain:			
Investor Shares	(30,026)	(106,575)	-
Institutional Shares	(9,339)	(795,111)	-
Total Distributions to Shareholders	<u>(284,120)</u>	<u>(1,139,047)</u>	<u>(30,004)</u>
CAPITAL SHARE TRANSACTIONS			
Sale of shares:			
Investor Shares	222,661	-	2,156,450
Institutional Shares	82,490	1,666,328	12,143,951
Reinvestment of distributions:			
Investor Shares	214,861	128,123	4,507
Institutional Shares	69,259	1,010,924	25,497
Redemption of shares:			
Investor Shares	(4,481)	(54,025)	(841,210)
Institutional Shares	(17,824)	(11,423,874)	(2,183,041)
Increase (Decrease) in Net Assets from Capital Share Transactions	<u>566,966</u>	<u>(8,672,524)</u>	<u>11,306,154</u>
Increase (Decrease) in Net Assets	<u>446,800</u>	<u>(10,750,731)</u>	<u>12,538,246</u>
NET ASSETS			
Beginning of Period	<u>1,787,515</u>	<u>12,538,246</u>	<u>-</u>
End of Period (Including line (a))	<u>\$ 2,234,315</u>	<u>\$ 1,787,515</u>	<u>\$ 12,538,246</u>
SHARE TRANSACTIONS			
Sale of shares:			
Investor Shares	14,548	-	123,329
Institutional Shares	5,823	95,363	687,361
Reinvestment of distributions:			
Investor Shares	14,608	7,383	254
Institutional Shares	4,691	57,782	1,428
Redemption of shares:			
Investor Shares	(299)	(3,097)	(47,306)
Institutional Shares	(1,208)	(697,866)	(119,011)
Increase (Decrease) in Shares	<u>38,163</u>	<u>(540,435)</u>	<u>646,055</u>
(a)Undistributed net investment income	<u>\$ 4,234</u>	<u>\$ 210,999</u>	<u>\$ 237,355</u>

* Effective March 24, 2016, the Fund changed its fiscal year end from November 30 to September 30.

** Commencement of Operations.

BAYWOOD VALUEPLUS FUND
FINANCIAL HIGHLIGHTS

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

	For the Period Ended September 30, 2016(a)	For the Year Ended November 30, 2015	December 2, 2013 (b) through November 30, 2014
INVESTOR SHARES			
NET ASSET VALUE, Beginning of Period	\$ 16.90	\$ 19.28	\$ 17.47
INVESTMENT OPERATIONS			
Net investment income (c)	0.26	0.34	0.36
Net realized and unrealized gain (loss)	0.93	(1.06)	1.49
Total from Investment Operations	1.19	(0.72)	1.85
DISTRIBUTIONS TO SHAREHOLDERS FROM			
Net investment income	(2.20)	(0.26)	(0.04)
Net realized gain	(0.37)	(1.40)	—
Total Distributions to Shareholders	(2.57)	(1.66)	(0.04)
NET ASSET VALUE, End of Period	<u>\$ 15.52</u>	<u>\$ 16.90</u>	<u>\$ 19.28</u>
TOTAL RETURN	8.40%(d)	(3.86)%	10.59%(d)
RATIOS/SUPPLEMENTARY DATA			
Net Assets at End of Period (000's omitted)	\$1,699	\$1,362	\$1,471
Ratios to Average Net Assets:			
Net investment income	2.07%(e)	1.97%	1.98%(e)
Net expenses	0.95%(e)	0.95%	0.95%(e)
Gross expenses (f)	9.43%(e)	5.80%	4.54%(e)
PORTFOLIO TURNOVER RATE	22%(d)	32%	35%(d)

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- (a) Effective March 24, 2016, the Fund changed its fiscal year end from November 30 to September 30. The information presented is for the period December 1, 2015 through September 30, 2016.
- (b) Commencement of operations.
- (c) Calculated based on average shares outstanding during each period.
- (d) Not annualized.
- (e) Annualized.
- (f) Reflects the expense ratio excluding any waivers and/or reimbursements.

BAYWOOD VALUEPLUS FUND
FINANCIAL HIGHLIGHTS

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

	For the Period Ended September 30, 2016(a)	For the Year Ended November 30, 2015	December 2, 2013 (b) Through November 30, 2014
INSTITUTIONAL SHARES			
NET ASSET VALUE, Beginning of Period	\$ 17.00	\$ 19.42	\$ 17.56
INVESTMENT OPERATIONS			
Net investment income (c)	0.29	0.39	0.41
Net realized and unrealized gain (loss)	0.94	(1.06)	1.50
Total from Investment Operations	1.23	(0.67)	1.91
DISTRIBUTIONS TO SHAREHOLDERS FROM			
Net investment income	(2.27)	(0.35)	(0.05)
Net realized gain	(0.37)	(1.40)	—
Total Distributions to Shareholders	(2.64)	(1.75)	(0.05)
NET ASSET VALUE, End of Period	<u>\$ 15.59</u>	<u>\$ 17.00</u>	<u>\$ 19.42</u>
TOTAL RETURN	8.65%(d)	(3.58)%	10.87%(d)
RATIOS/SUPPLEMENTARY DATA			
Net Assets at End of Period (000's omitted)	\$536	\$426	\$11,067
Ratios to Average Net Assets:			
Net investment income	2.30%(e)	2.23%	2.26%(e)
Net expenses	0.70%(e)	0.70%	0.70%(e)
Gross expenses (f)	14.43%(e)	2.09%	2.50%(e)
PORTFOLIO TURNOVER RATE	22%(d)	32%	35%(d)

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- (a) Effective March 24, 2016, the Fund changed its fiscal year end from November 30 to September 30. The information presented is for the period December 1, 2015 through September 30, 2016.
- (b) Commencement of operations.
- (c) Calculated based on average shares outstanding during each period.
- (d) Not annualized.
- (e) Annualized.
- (f) Reflects the expense ratio excluding any waivers and/or reimbursements.

BAYWOOD SOCIALLY RESPONSIBLE FUND

A MESSAGE TO OUR SHAREHOLDERS (Unaudited)

SEPTEMBER 30, 2016

Dear Shareholder,

This letter covering the twelve months ended September 30, 2016 is SKBA Capital Management's ("SKBA") first regarding the economic and financial market perspectives and the investment activities for the Baywood Socially Responsible Fund (the "Fund"). This report also marks a new chapter in the organization of the Fund as SKBA was pleased to be elected, effective January 8, 2016, the Advisor to the renamed Baywood Socially Responsible Fund.

We have long desired to become the Advisor to the Fund in order to align our goals with those of our clients and shareholders through every aspect of fund management. During the transition, however, large client flows caused a material negative impact on Fund performance from November of 2015 through February of 2016. Yet SKBA has remained steadfast in its application of our investment approach to meet the needs of shareholders who want environmental, social, and governance (ESG) criteria applied to the stock selection decisions in the Fund and we are very excited at the Fund's prospects going forward. The Fund is a mid-to-large capitalization value-oriented portfolio of stock holdings selected from a universe of stocks created through the application of social screens and assessments of the ESG profile of each company. Among these stocks, we further evaluate and assess each prospective holding's valuation and fundamental business attraction to determine the current portfolio holdings.

As the new Advisor to the Fund we will do everything within our control to ensure we are aware of client commitments and intentions. Having completed the transition, we are looking forward to a fresh start as Advisor and as shareholders as well together with outside shareholders in the Fund. Additionally, we believe the Fund's return characteristics are more represented by the eight full months since the completion of the conversion.

In the most recently ended quarter, the Fund's returns meaningfully surpassed all of our benchmarks; a reminder that our investment horizons don't often match up with the clearly defined quarterly reporting that is commonplace. We manage for the long-term yet are measured in quarters. As value investors, there are periods of strong market advances where the Fund may not keep up; there are also periods in which the value of the securities we purchase tend to be unrecognized. These tend to be followed by periods in which those securities purchased do become recognized. Quite often those take place in times of either normal or volatile returns. While volatility may be difficult to "stomach", we seek it in order to take advantage of mis-pricings. The last year or so has been such an environment and we expect it to continue to provide opportunities over a considerable period.

During the recently ended quarter, consumer staples, an underperforming sector in the Russell 1000 Value Index, was flat in the benchmark. Not an unsurprising result given the high valuations and poor fundamentals. Our underweight position in this expensive sector contributed to returns as did the individual holdings which returned more than 4%. In a quarter where the portfolio outperformed in numerous ways, this sector's performance is more indicative of our valuation discipline and philosophy than of anything else. Consumer Staples, in general, are priced for perfection. The global hunt for yield and stability has pushed valuations to near record highs, reducing yields to record lows. Further, growth in the sector is pressured as emerging economies, once drivers of growth, slow down and pressure revenues. These two conditions make the decision to underweight an easy one, yet the two staple stocks the strategy does own - Pepsi and Procter & Gamble - were some of the two best performing stocks in the sector.

Both Pepsi and Procter & Gamble have divergent sets of fundamentals from other stocks in the sector. Where, on one pass, one might look at reported earnings and conclude they are expensive; normalizing the earnings yields a much different perspective. Procter & Gamble is recovering from years of underperformance as smaller, more focused companies willing to sacrifice margins for market share have eaten away at its lead. Yet it is in the process of completing its biggest change in strategy since the Gillette acquisition by divesting of nearly 2/3's of its slower growing, lower margin brands. The resulting company will be much more focused and the simple stemming of market share losses should result in large fundamental improvements. Pepsi, on the other hand has been widely successful in maintaining its market share in a competitive environment where carbonated, sugary drinks have lagged consumer preferences. Additionally, we have always liked its strategy of diversification with its snack foods segment. Indra Nooyi, to the extent that she is able, is shifting the company's beverage mix away from carbonated soft drinks and shifting its snacks mix to incorporate more healthy alternatives. This is not only good for consumer health and diets in general; it is also proving to be good for the company's financials. While the majority of stocks in the staples category suffer from high valuations and deteriorating fundamentals, these two companies have reasonable valuations and are showing improving fundamentals, which speaks to our philosophy. We don't chase sectors because somehow 'Value' has become defined or bound by certain sectors or stocks. We purchase stocks that are out-of-favor in which fundamentals aren't likely to be as bad as the valuation would suggest. It's not always what you invest in that will determine how you perform; it's also what you avoid. In this case, it was both.

Stocks in the utilities sector suffer from the same general condition as consumer staples, albeit to a much higher degree. Here, fundamentals are unambiguously poor and relative valuations are near stratospheric, the combination of which are the reasons we

BAYWOOD SOCIALLY RESPONSIBLE FUND

A MESSAGE TO OUR SHAREHOLDERS (Unaudited)

SEPTEMBER 30, 2016

have no sector representation in the portfolio. This decision alone accounted for a large portion of the outperformance in the third quarter. Conversely, the decision to hold an overweight position in the Information Technology sector helped returns in addition to stock selection, the majority of which was from Qualcomm. Qualcomm is a stock whose valuation suggested it would be in perpetual decline despite the fact it holds a monopoly on the patents for most of the world's smart phones, a growing market. During the most recently ended quarter its fundamentals were proven to be "not as bad as feared" and its price recovered meaningfully off of multi-year lows. We initiated a position in Qualcomm two years ago and continued to add to our position as it declined through the earlier part of the year. Our conviction enabled us to lower our average purchase price all the way down to where the tiniest bit of good news propelled returns significantly.

Throughout the year we lowered our positions in financials and are currently underweight compared to the Russell 1000 Value Index. Overall our allocation to the sector contributed to returns, while a few stocks partially offset it. Our decision to underweight the sector came somewhat naturally when two of our holdings were acquired last year and we did not re-deploy the proceeds back into the sector as rate volatility persisted. Instead we increased positions elsewhere and held steady to our holdings in financials. That decision proved to be correct and in the most recent quarter as the companies we held were some of the most out-of-favor and a bit of reversion to the mean for Bank of America, Metlife and Kennedy Wilson's valuations led the group to an overall sector outperformance.

For most of the year markets have been volatile to say the least, which has proven beneficial for us value investors. While the benchmark averages continue to climb we're seeing more divergent valuations across sectors and individual stocks. This has led to an increase in activity in the portfolio. During the third quarter alone we added several new companies: Royal Philips, Discovery Communications, Range Resources and Radian Group. Phillips is a European conglomerate in the process of de-conglomerating and has underperformed for years as profitable divisions subsidized its loss-making businesses. Changes in management and a focus on industries with oligopoly structures within healthcare should boost profits as it divests its less profitable lighting divisions. Further, it is now a healthcare equipment manufacturing company that participates in some of the faster growing segments in the industry where valuation multiples tend to be much higher. A reasonable valuation and improving fundamentals point to a successful investment without having to make heroic assumptions.

Discovery is a new investment that follows a familiar theme: media stocks are cheap! We purchased Starz! several years ago because its valuation was suggestive that severe pricing pressures would persist, despite the fact that its shows were rejuvenated and gaining in popularity, the result of hiring a former HBO director. It needed to grow in order to increase its leverage in pricing negotiations, but even if it didn't its valuation was still too low, in our opinion. We didn't need to make heroic assumptions about Starz!, a successful investment that has agreed to merge with LionsGate and we don't need to make heroic assumptions about Discovery as its valuation is as similarly depressed.

Radian, another new addition from the portfolio provides mortgage insurance to individuals and financial institutions. It is a part of the solution in terms of the housing recovery and helps enable those without the ability to make down payments of 20%, a rarity in these days of high home values, to own a home. One of the major reasons for the protracted housing recovery is from the lack of buyers with credit good enough to purchase a home. This means that over the last 5-7 years, those with the ability to purchase a home have been in the highest tier of credit, which also means very low future losses for Radian. Its valuation still remains low as there have been fears of price competition in the industry, but with recent consolidation, those fears will likely subside.

Range Resources was also added in the third quarter as we reduced our holdings in Devon Energy. Devon was the top contributor in the third quarter and, as the strategy's largest energy related company, we are reducing the position to maintain our targeted exposure. Instead we are turning to Range Resources, whose production is geared towards NGLs and natural gas, much cleaner sources of energy and whose valuation has lagged its peers in the recent rally. Our goal in the energy sector is to remain underweight the benchmark while responsibly striking the proper balance between lower carbon emitters and attractive valuations. In the past this strategy detracted from returns as the cleaner segment of the energy industry has not performed particularly well from an investment perspective, but was rewarded in the most recent quarter as it added most to returns despite the underweight position in an outperforming sector.

For the twelve month period ending September 30, 2016, the Fund underperformed its benchmark, which includes significant deleterious effects from outflows that occurred prior to and during the transition of SKBA becoming Advisor to the Fund. The absence of such uncontrollable factors, factors we hope to contain going forward, combined with a market environment conducive to value investing have resulted in the Fund's improved returns over a number of months. We remain steadfast in our resolve to manage our shareholders' assets prudently. We believe the current environment and the heightened volatility associated with it lends itself to our value discipline; something that has been absent in the recent high absolute return environment. At the same time,

BAYWOOD SOCIALLY RESPONSIBLE FUND

A MESSAGE TO OUR SHAREHOLDERS (Unaudited)

SEPTEMBER 30, 2016

after nearly eight consecutive years of increasing stock prices, markets will not be forgiving of highly valued companies that disappoint. We will attempt to steer clear of those and continue our relentless search for value as we always have with capital preservation foremost, responsibly.

For more detailed information on SKBA Capital Management, LLC and our investment process and perspectives, visit our website at www.SKBA.com.

Current and future portfolio holdings are subject to change and risk.

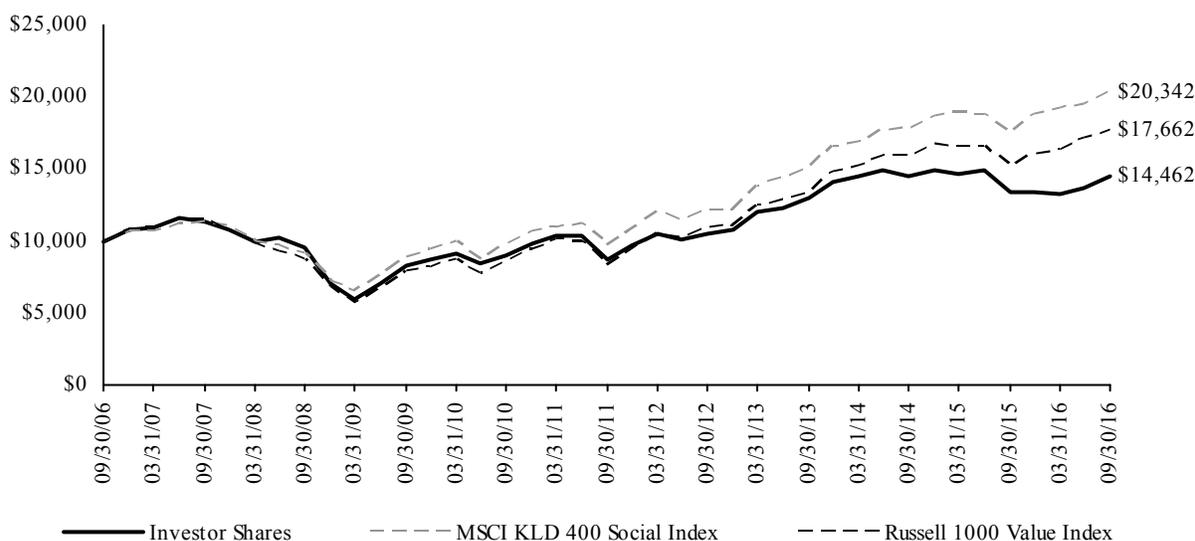
The Russell 1000 Value Index is used to compare fund performance to its peers. It is not possible to invest directly into an index or category. Past performance is no guarantee of future results.

Risk Considerations: Mutual fund investing involves risk, including the possible loss of principal. Socially responsible investment criteria may limit the number of investment opportunities available to the Fund or it may invest a larger portion of its assets in certain sectors which could be more sensitive to market conditions, economic, regulatory and environmental developments. These factors could negatively impact the Fund's returns. The Fund primarily invests in undervalued securities, which may not appreciate in value as anticipated by the Advisor or remain undervalued for longer than anticipated. The Fund may invest in American Depositary Receipts (ADRs), which involves risks relating to political, economic or regulatory conditions in foreign countries and may cause greater volatility and less liquidity. The Fund may also invest in convertible securities and preferred stock, which may be adversely affected as interest rates rise.

BAYWOOD SOCIALLY RESPONSIBLE FUND
PERFORMANCE CHART AND ANALYSIS (Unaudited)
SEPTEMBER 30, 2016

The following charts reflect the change in the value of a hypothetical \$10,000 investment in Investor Shares and \$100,000 investment in Institutional Shares, including reinvested dividends and distributions, in Baywood Socially Responsible Fund (the "Fund") compared with the performance of the primary benchmark, MSCI KLD 400 Social Index and Russell 1000 Value Index, over the past ten fiscal years. The MSCI KLD 400 Social Index is a capitalization weighted index of 400 US securities that provides exposure to companies with outstanding Environmental, Social and Governance ratings and excludes companies whose products have negative social or environmental impacts. The Russell 1000 Value Index is an unmanaged index which measures the performance of the large-cap value segment of the Russell 1000 companies (that is, the 1,000 largest U.S. companies in terms of market capitalization) with lower price-to-book ratios and lower forecasted growth values. The S&P 500 is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. The total return of both the MSCI KLD 400 Social Index and Russell 1000 Value Index include the reinvestment of dividends and income. The total return of the Fund includes operating expenses that reduce returns, while the total return of the MSCI KLD 400 Social Index and Russell 1000 Value Index do not include expenses. The Fund is professionally managed, while the MSCI KLD 400 Social Index and Russell 1000 Value Index are unmanaged and are not available for investment.

**Comparison of Change in Value of a \$10,000 Investment
Investor Shares vs. MSCI KLD 400 Social Index and Russell 1000 Value Index**



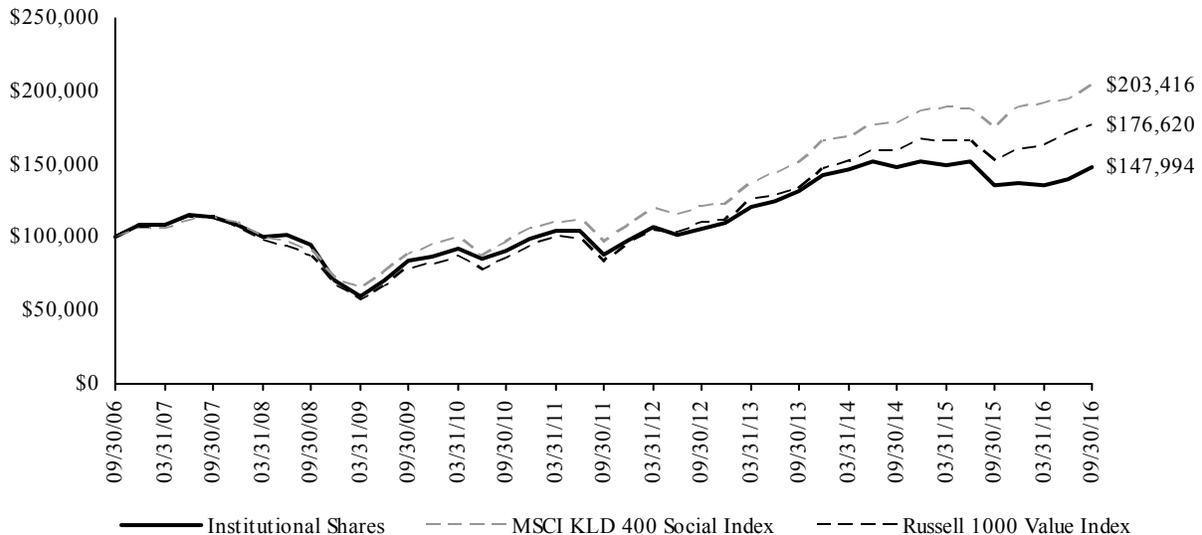
Average Annual Total Returns
Periods Ended September 30, 2016

	One Year	Five Years	Ten Years
Investor Shares*	8.28%	10.80%	3.76%
MSCI KLD 400 Social Index	15.88%	16.07%	7.36%
Russell 1000 Value Index	16.19%	16.15%	5.85%

*Performance for Investor Shares for periods prior to January 8, 2016, reflects the performance and expenses of City National Rochdale Socially Responsible Equity Fund, a series of City National Rochdale Funds (the "Predecessor Fund").

BAYWOOD SOCIALLY RESPONSIBLE FUND
PERFORMANCE CHART AND ANALYSIS (Unaudited)
SEPTEMBER 30, 2016

Comparison of Change in Value of a \$100,000 Investment
Institutional Shares vs. MSCI KLD 400 Social Index and Russell 1000 Value Index



Average Annual Total Returns
Periods Ended September 30, 2016

	One Year	Five Years	Ten Years
Institutional Shares*	8.40%	11.04%	4.00%
MSCI KLD 400 Social Index	15.88%	16.07%	7.36%
Russell 1000 Value Index	16.19%	16.15%	5.85%

*Performance for Institutional Shares for periods prior to January 8, 2016, reflects the performance and expenses of City National Rochdale Socially Responsible Equity Fund, a series of City National Rochdale Funds (the "Predecessor Fund").

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than original cost. For the most recent month-end performance, please call (855) 409-2297. As stated in the Fund's prospectus, the annual operating expense ratios (gross) for Investor Shares and Institutional Shares are 1.22% and 0.85%, respectively. However, the Fund's advisor has agreed to contractually waive its fees and/or reimburse expenses such that total operating expenses (excluding all taxes, interest, portfolio transaction expenses, acquired fund fees and expenses, proxy expenses and extraordinary expenses) do not exceed 1.14% and 0.89% for Investor Shares and Institutional Shares, respectively through December 31, 2017 (the "Expense Cap"). The Fund may repay the Advisor for fees waived and expenses reimbursed pursuant to the expense cap if such payment is made within three years of the fee waiver or expense reimbursement, is approved by the Fund's Board of Trustees, and the reimbursement does not cause the Fund's net annual operating expenses of that class to exceed the expense cap in place at the time the fees were waived. During the period, certain fees were waived and/or expenses reimbursed, otherwise returns would have been lower. The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns greater than one year are annualized.

BAYWOOD SOCIALLY RESPONSIBLE FUND
SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2016

Shares	Security Description	Value	Shares	Security Description	Value
Common Stock - 93.4%			5,700	DaVita, Inc. ^(a)	\$ 376,599
Basic Materials - 5.1%			1,900	Gilead Sciences, Inc.	150,328
1,300	Albemarle Corp.	\$ 111,137	11,200	HealthSouth Corp.	454,384
5,300	Packaging Corp. of America	430,678	14,900	Koninklijke Philips NV, ADR	440,891
10,100	The Mosaic Co.	247,046			<u>2,537,098</u>
		<u>788,861</u>	Technology - 15.0%		
Capital Goods / Industrials - 9.9%			12,900	Cisco Systems, Inc.	409,188
8,338	Johnson Controls International PLC	387,967	15,300	Corning, Inc.	361,845
8,200	Republic Services, Inc.	413,690	1,200	International Business Machines Corp.	190,620
1,800	Stanley Black & Decker, Inc.	221,364	6,100	Microsoft Corp.	351,360
2,100	Union Pacific Corp.	204,813	5,400	Oracle Corp.	212,112
11,600	USG Corp. ^(a)	299,860	7,300	QUALCOMM, Inc.	500,050
		<u>1,527,694</u>	4,400	TE Connectivity, Ltd.	283,272
Consumer Discretionary - 10.9%					<u>2,308,447</u>
9,000	AutoNation, Inc. ^(a)	438,390	Telecommunications - 1.9%		
7,400	Discovery Communications, Inc., Class C ^(a)	194,694	5,500	Verizon Communications, Inc.	285,890
21,900	Ford Motor Co.	264,333	Total Common Stock		
16,800	Starz, Class A ^(a)	523,992	(Cost \$13,617,977)		
10,700	Twenty-First Century Fox, Inc., Class B	264,718	<u>14,419,557</u>		
		<u>1,686,127</u>	Money Market Fund - 6.7%		
Consumer Staples - 4.3%			1,033,572	Morgan Stanley Institutional Liquidity Fund, 0.31% ^(b) (Cost \$1,033,572)	1,033,572
3,400	PepsiCo, Inc.	369,818	Total Investments - 100.1%		
3,300	The Procter & Gamble Co.	296,175	(Cost \$14,651,549)*		
		<u>665,993</u>	Other Assets & Liabilities, Net - (0.1)%		
Energy - 9.0%			Net Assets - 100.0%		
14,100	Cabot Oil & Gas Corp.	363,780	ADR	American Depositary Receipt	
2,600	ConocoPhillips	113,022	PLC	Public Limited Company	
11,000	Devon Energy Corp.	485,210	(a)	Non-income producing security.	
8,600	National Oilwell Varco, Inc.	315,964	(b)	Variable rate security. Rate presented is as of September 30, 2016.	
3,000	Range Resources Corp.	116,250	* Cost for federal income tax purposes is \$15,631,664 and net unrealized depreciation consists of:		
		<u>1,394,226</u>	Gross Unrealized Appreciation	\$ 506,512	
Financials - 20.9%			Gross Unrealized Depreciation	(685,047)	
13,100	Air Lease Corp.	374,398	Net Unrealized Depreciation	<u>\$ (178,535)</u>	
6,400	American Express Co.	409,856	The following is a summary of the inputs used to value the Fund's investments as of September 30, 2016.		
7,100	American International Group, Inc.	421,314	The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used in the table below, please refer to the Security Valuation section in Note 2 of the accompanying Notes to Financial Statements.		
30,900	Bank of America Corp.	483,585	Investments in Securities		
1,000	Berkshire Hathaway, Inc., Class B ^(a)	144,470	<u>Valuation Inputs</u>		
3,300	BOK Financial Corp.	227,601	Level 1 - Quoted Prices	\$ 14,419,557	
9,150	Brookfield Asset Management, Inc., Class A	321,897	Level 2 - Other Significant Observable Inputs	1,033,572	
2,700	M&T Bank Corp.	313,470	Level 3 - Significant Unobservable Inputs	-	
6,500	MetLife, Inc.	288,795	Total	<u>\$ 15,453,129</u>	
17,700	Radian Group, Inc.	239,835	The Level 1 value displayed in this table is Common Stock. The Level 2 value displayed in this table is a Money Market Fund. Refer to this Schedule of Investments for a further breakout of		
		<u>3,225,221</u>			
Health Care - 16.4%					
5,600	AbbVie, Inc.	353,192			
6,185	Baxter International, Inc.	294,406			
2,600	Becton Dickinson and Co.	467,298			

BAYWOOD SOCIALLY RESPONSIBLE FUND

SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2016

each security by industry.

The Fund utilizes the end of period methodology when determining transfers. There were no transfers among Level 1, Level 2 and Level 3 for the year ended September 30, 2016.

PORTFOLIO HOLDINGS**% of Total Investments**

Basic Materials	5.1%
Capital Goods / Industrials	9.9%
Consumer Discretionary	10.9%
Consumer Staples	4.3%
Energy	9.0%
Financials	20.9%
Health Care	16.4%
Technology	14.9%
Telecommunications	1.9%
Money Market Fund	6.7%
	<u>100.0%</u>

BAYWOOD SOCIALLY RESPONSIBLE FUND
STATEMENT OF ASSETS AND LIABILITIES
SEPTEMBER 30, 2016

ASSETS

Total investments, at value (Cost \$14,651,549)	\$	15,453,129
Cash		893
Receivables:		
Fund shares sold		2,487
Investment securities sold		146,773
Dividends		17,076
Prepaid expenses		3,193
Total Assets		<u>15,623,551</u>

LIABILITIES

Payables:		
Investment securities purchased		145,565
Fund shares redeemed		111
Accrued Liabilities:		
Investment advisor fees		1,504
Trustees' fees and expenses		40
Fund services fees		5,530
Other expenses		25,543
Total Liabilities		<u>178,293</u>

NET ASSETS

\$ 15,445,258

COMPONENTS OF NET ASSETS

Paid-in capital	\$	16,000,829
Accumulated net realized loss		(1,357,151)
Net unrealized appreciation		801,580
NET ASSETS	\$	<u>15,445,258</u>

SHARES OF BENEFICIAL INTEREST AT NO PAR VALUE (UNLIMITED SHARES AUTHORIZED)

Investor Shares	975,454
Institutional Shares	547,202

NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE

Investor Shares (based on net assets of \$9,889,909)	\$	<u>10.14</u>
Institutional Shares (based on net assets of \$5,555,349)	\$	<u>10.15</u>

BAYWOOD SOCIALLY RESPONSIBLE FUND**STATEMENT OF OPERATIONS**YEAR ENDED SEPTEMBER 30, 2016

INVESTMENT INCOME

Dividend income (Net of foreign withholding taxes of \$1,505)	\$ 1,226,048
Total Investment Income	<u>1,226,048</u>

EXPENSES

Investment advisor fees	419,145
Fund services fees	101,552
Transfer agent fees:	
Investor Shares	13,515
Institutional Shares	14,887
Distribution fees:	
Investor Shares	34,939
Custodian fees	7,053
Registration fees:	
Investor Shares	7,769
Institutional Shares	5,676
Professional fees	23,734
Trustees' fees and expenses	12,204
Miscellaneous expenses	34,168
Total Expenses	<u>674,642</u>
Fees waived and expenses reimbursed	<u>(123,949)</u>
Net Expenses	<u>550,693</u>

NET INVESTMENT INCOME675,355**NET REALIZED AND UNREALIZED GAIN (LOSS)**

Net realized loss on investments	(1,239,017)
Net change in unrealized appreciation (depreciation) on investments	<u>15,453,930</u>

NET REALIZED AND UNREALIZED GAIN14,214,913**INCREASE IN NET ASSETS RESULTING FROM OPERATIONS**\$ 14,890,268

BAYWOOD SOCIALLY RESPONSIBLE FUND
STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended September 30, 2016	For the Year Ended September 30, 2015
OPERATIONS		
Net investment income	\$ 675,355	\$ 3,150,747
Net realized gain (loss)	(1,239,017)	2,738,120
Net change in unrealized appreciation (depreciation)	15,453,930	(28,299,350)
Increase (Decrease) in Net Assets Resulting from Operations	<u>14,890,268</u>	<u>(22,410,483)</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM		
Net investment income:		
Investor Shares	(539,156)	(2,845,377)
Institutional Shares	(213,418)	(240,990)
Net realized gain:		
Investor Shares	(1,155,096)	(5,652,223)
Institutional Shares	(750,918)	(671,508)
Total Distributions to Shareholders	<u>(2,658,588)</u>	<u>(9,410,098)</u>
CAPITAL SHARE TRANSACTIONS		
Sale of shares:		
Investor Shares	1,397,425	4,091,605
Institutional Shares	8,353,879	112,429,342
Reinvestment of distributions:		
Investor Shares	1,686,621	903,845
Institutional Shares	944,207	8,463,173
Redemption of shares:		
Investor Shares	(14,388,052)	(5,830,449)
Institutional Shares	(256,204,428)	(26,406,009)
Increase (Decrease) in Net Assets from Capital Share Transactions	<u>(258,210,348)</u>	<u>93,651,507</u>
Increase (Decrease) in Net Assets	<u>(245,978,668)</u>	<u>61,830,926</u>
NET ASSETS		
Beginning of Year	261,423,926	199,593,000
End of Year (Including line (a))	<u>\$ 15,445,258</u>	<u>\$ 261,423,926</u>
SHARE TRANSACTIONS		
Sale of shares:		
Investor Shares	152,505	363,291
Institutional Shares	792,315	9,897,772
Reinvestment of distributions:		
Investor Shares	172,979	82,167
Institutional Shares	96,286	767,411
Redemption of shares:		
Investor Shares	(1,619,069)	(519,232)
Institutional Shares	(23,760,340)	(2,343,458)
Increase (Decrease) in Shares	<u>(24,165,324)</u>	<u>8,247,951</u>
(a) Undistributed net investment income	<u>\$ -</u>	<u>\$ 76,785</u>

BAYWOOD SOCIALLY RESPONSIBLE FUND
FINANCIAL HIGHLIGHTS

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

	For the Years Ended September 30,				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
INVESTOR SHARES					
NET ASSET VALUE, Beginning of Year	\$ 10.16	\$ 11.42	\$ 12.26	\$ 10.04	\$ 8.37
INVESTMENT OPERATIONS					
Net investment income (a)	0.08	0.11	0.18	0.09	0.11
Net realized and unrealized gain (loss)	0.71	(0.98)	1.15	2.22	1.67
Total from Investment Operations	0.79	(0.87)	1.33	2.31	1.78
DISTRIBUTIONS TO SHAREHOLDERS FROM					
Net investment income	(0.28)	(0.10)	(0.15)	(0.09)	(0.11)
Net realized gain	(0.53)	(0.29)	(2.02)	—	—
Total Distributions to Shareholders	(0.81)	(0.39)	(2.17)	(0.09)	(0.11)
NET ASSET VALUE, End of Year	<u>\$ 10.14</u>	<u>\$ 10.16</u>	<u>\$ 11.42</u>	<u>\$ 12.26</u>	<u>\$ 10.04</u>
TOTAL RETURN	8.28%	(7.86)%	12.11%	23.12%	21.28%
RATIOS/SUPPLEMENTARY DATA					
Net Assets at End of Year (000's omitted)	\$9,890	\$23,045	\$26,763	\$31,387	\$25,631
Ratios to Average Net Assets:					
Net investment income	0.77%	0.99%	1.55%	0.81%	1.13%
Net expenses	1.28%	1.14%	1.14%	1.13%	1.15%
Gross expenses (b)	1.84%	1.37%	1.46%	1.38%	1.40%
PORTFOLIO TURNOVER RATE	57%	29%	34%	42%	38%

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

(b) Reflects the expense ratio excluding any waivers and/or reimbursements.

BAYWOOD SOCIALLY RESPONSIBLE FUND
FINANCIAL HIGHLIGHTS

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

	For the Years Ended September 30,				
	2016	2015	2014	2013	2012
INSTITUTIONAL SHARES					
NET ASSET VALUE, Beginning of Year	\$ 10.18	\$ 11.45	\$ 12.28	\$ 10.06	\$ 8.38
INVESTMENT OPERATIONS					
Net investment income (a)	0.14	0.14	0.19	0.12	0.13
Net realized and unrealized gain (loss)	0.66	(0.99)	1.18	2.22	1.68
Total from Investment Operations	0.80	(0.85)	1.37	2.34	1.81
DISTRIBUTIONS TO SHAREHOLDERS FROM					
Net investment income	(0.30)	(0.13)	(0.18)	(0.12)	(0.13)
Net realized gain	(0.53)	(0.29)	(2.02)	—	—
Total Distributions to Shareholders	(0.83)	(0.42)	(2.20)	(0.12)	(0.13)
NET ASSET VALUE, End of Year	\$ 10.15	\$ 10.18	\$ 11.45	\$ 12.28	\$ 10.06
TOTAL RETURN	8.40%	(7.70)%	12.46%	23.38%	21.63%
RATIOS/SUPPLEMENTARY ATA					
Net Assets at End of Year (000's omitted)	\$5,555	\$238,379	\$172,830	\$45,357	\$80,109
Ratios to Average Net Assets:					
Net investment income	1.35%	1.22%	1.62%	1.10%	1.37%
Net expenses	0.89%	0.89%	0.89%	0.87%	0.90%
Gross expenses (b)	1.00%	0.87%(c)	0.96%	0.87%	0.90%
PORTFOLIO TURNOVER RATE	57%	29%	34%	42%	38%

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

(b) Reflects the expense ratio excluding any waivers and/or reimbursements.

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

BAYWOOD FUNDS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Note 1. Organization

Baywood ValuePlus Fund and Baywood SociallyResponsible Fund (individually, a “Fund” and collectively, the “Funds”) are diversified portfolios of Forum Funds II (the “Trust”). The Trust is a Delaware statutory trust that is registered as an open-end, management investment company under the Investment Company Act of 1940, as amended (the “Act”). Under its Trust Instrument, the Trust is authorized to issue an unlimited number of each Fund’s shares of beneficial interest without par value. The Baywood ValuePlus Fund commenced operations on December 2, 2013. The Baywood ValuePlus Fund currently offers two classes of shares: Investor Shares and Institutional Shares. The Baywood ValuePlus Fund seeks to achieve long-term capital appreciation by investing in undervalued equity securities.

On December 2, 2013, the Baywood ValuePlus Fund commenced operations through a reorganization of a collective investment trust into the Baywood ValuePlus Fund. The collective investment trust was previously managed by the Baywood ValuePlus Fund’s Advisor and portfolio management team. This collective investment trust was organized and commenced operations on June 27, 2008. The collective investment trust had an investment objective and strategies that were, in all material respects, identical to those of the Baywood ValuePlus Fund. The net assets and unrealized gain received by the Baywood ValuePlus Fund from this tax-free reorganization were as follows:

<u>Date of Contribution</u>	<u>Net Assets Investor Shares</u>	<u>Net Assets Institutional Shares</u>	<u>Shares Issued Investor Shares</u>	<u>Shares Issued Institutional Shares</u>	<u>Cost of Investments</u>	<u>Unrealized Gain on Investments</u>
December 2, 2013	\$2,099,735	\$10,168,720	120,217	579,166	\$9,396,973	\$2,372,564

In addition to the securities transferred in, as noted above, \$498,918 of cash and other receivables were also transferred in as part of the reorganization.

The Baywood SociallyResponsible Fund commenced operations on January 3, 2005. The Baywood SociallyResponsible Fund currently offers two classes of shares: Investor Shares and Institutional Shares. The Baywood SociallyResponsible Fund seeks to provide long-term capital growth.

On December 7, 2015, at a special meeting of Shareholders of Baywood SociallyResponsible Fund, formerly City National Rochdale Socially Responsible Equity Fund, a series of City National Rochdale Funds (the "Predecessor Fund"), the shareholders approved a proposal to reorganize the Predecessor Fund into the Baywood SociallyResponsible Fund, a newly created series of the Forum Funds II. The Predecessor Fund was sub-advised by the Fund's Advisor, SKBA Capital Management, LLC, with the same portfolio managers as Baywood SociallyResponsible Fund. The Baywood SociallyResponsible Fund is managed in a manner that is in all material respects equivalent to the management of the Predecessor Fund, including the investment objective, strategies, guidelines and restrictions. The primary purpose of the reorganization was to move the Predecessor Fund to a newly created series of Forum Funds II. As a result of the reorganization, the Baywood SociallyResponsible Fund is now operating under the supervision of a different board of trustees. On January 8, 2016, the Baywood SociallyResponsible Fund acquired all of the assets, subject to liabilities, of the Predecessor Fund. The shares of the Predecessor Fund were, in effect, exchanged on a tax-free basis for Shares of the Baywood SociallyResponsible Fund with the same aggregate value. No commission or other transactional fees were imposed on shareholders in connection with the tax-free exchange of their shares.

Note 2. Summary of Significant Accounting Policies

The Funds are investment companies and follow accounting and reporting guidance under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, “Financial Services-Investment Companies”. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of increases and decreases in net assets from operations during the fiscal period. Actual amounts could differ from those estimates. The following summarizes the significant accounting policies of each Fund:

Security Valuation – Exchange-traded securities and over-the-counter securities are valued using the last quoted trade or official closing price, provided by independent pricing services as of the close of trading on the market or exchange for which they are primarily traded, on each Fund business day. In the absence of a sale, such securities are valued at the mean of the last bid and ask price provided by independent pricing services. Non-exchange-traded securities for which quotations are available are valued using

the last quoted sales price, or in the absence of a sale, at the mean of the last bid and ask prices provided by independent pricing services. Shares of open-end mutual funds are valued at net asset value ("NAV"). Short-term investments that mature in 60 days or less may be valued at amortized cost.

Each Fund values its investments at fair value pursuant to procedures adopted by the Trust's Board of Trustees (the "Board") if (1) market quotations are insufficient or not readily available or (2) the Advisor, as defined in Note 3, believes that the values available are unreliable. The Trust's Valuation Committee, as defined in each Fund's registration statement, performs certain functions as they relate to the administration and oversight of each Fund's valuation procedures. Under these procedures, the Valuation Committee convenes on a regular and ad-hoc basis to review such investments and considers a number of factors, including valuation methodologies and significant unobservable inputs, when arriving at fair value.

The Valuation Committee may work with the Advisor to provide valuation inputs. In determining fair valuations, inputs may include market-based analytics which may consider related or comparable assets or liabilities, recent transactions, market multiples, book values and other relevant investment information. Advisor inputs may include an income-based approach in which the anticipated future cash flows of the investment are discounted in determining fair value. Discounts may also be applied based on the nature or duration of any restrictions on the disposition of the investments. The Valuation Committee performs regular reviews of valuation methodologies, key inputs and assumptions, disposition analysis and market activity.

Fair valuation is based on subjective factors and, as a result, the fair value price of an investment may differ from the security's market price and may not be the price at which the asset may be sold. Fair valuation could result in a different NAV than a NAV determined by using market quotes.

Each Fund has a three-tier fair value hierarchy. The basis of the tiers is dependent upon the various "inputs" used to determine the value of each Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1 — quoted prices in active markets for identical assets and liabilities

Level 2 — other significant observable inputs (including quoted prices of similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 — significant unobservable inputs (including each Fund's own assumptions in determining the fair value of investments)

The aggregate value by input level, as of September 30, 2016, for each Fund's investments is included at the end of each Fund's Schedule of Investments.

Security Transactions, Investment Income and Realized Gain and Loss – Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as possible after each Fund determines the existence of a dividend declaration after exercising reasonable due diligence. Income and capital gains on some foreign securities may be subject to foreign withholding taxes, which are accrued as applicable. Interest income is recorded on an accrual basis. Premium is amortized and discount is accreted using the effective interest method. Identified cost of investments sold is used to determine the gain and loss for both financial statement and federal income tax purposes.

Distributions to Shareholders – Distributions to shareholders of net investment income, if any, are declared and paid at least annually. Distributions to shareholders of net capital gains, if any, are declared and paid at least annually. Distributions to shareholders are recorded on the ex-dividend date. Distributions are based on amounts calculated in accordance with applicable federal income tax regulations, which may differ from GAAP. These differences are due primarily to differing treatments of income and gain on various investment securities held by each Fund, timing differences and differing characterizations of distributions made by each Fund.

Federal Taxes – Each Fund intends to continue to qualify each year as a regulated investment company under Subchapter M of Chapter 1, Subtitle A, of the Internal Revenue Code of 1986, as amended ("Code"), and to distribute all of its taxable income to shareholders. In addition, by distributing in each calendar year substantially all of its net investment income and capital gains, if any, the Fund will not be subject to a federal excise tax. Therefore, no federal income or excise tax provision is required. Each Fund files a U.S. federal income and excise tax return as required. Each Fund's federal income tax returns are subject to examination by the Internal Revenue Service for a period of three fiscal years after they are filed. As of September 30, 2016, there are no uncertain tax positions that would require financial statement recognition, de-recognition or disclosure.

Income and Expense Allocation – The Trust accounts separately for the assets, liabilities and operations of each of its investment

portfolios. Expenses that are directly attributable to more than one investment portfolio are allocated among the respective investment portfolios in an equitable manner.

The Fund's class-specific expenses are charged to the operations of that class of shares. Income and expenses (other than expenses attributable to a specific class) and realized and unrealized gains or losses on investments are allocated to each class of shares based on the class' respective net assets to the total net assets of each Fund.

Commitments and Contingencies – In the normal course of business, each Fund enters into contracts that provide general indemnifications by each Fund to the counterparty to the contract. Each Fund's maximum exposure under these arrangements is dependent on future claims that may be made against each Fund and, therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote.

Note 3. Fees and Expenses

Investment Advisor – SKBA Capital Management, LLC (the "Advisor") is the investment advisor to the Funds. Pursuant to an Investment Advisory Agreement, the Advisor receives an advisory fee at an annual rate of 0.50% and 0.70% of the average daily net assets of Baywood Value*Plus* Fund and Baywood Socially*Responsible* Fund, respectively. Prior to January 8, 2016, for the Predecessor Fund to Baywood Socially*Responsible* Fund, City National Rochdale received an advisory fee at an annual rate of 0.75% of the Fund's average daily assets. For the period October 1, 2015 through January 8, 2016, the advisory fee paid to City National Rochdale was \$337,829 for the Baywood Socially*Responsible* Fund.

Distribution – Foreside Fund Services, LLC serves as each Fund's distributor (the "Distributor"). The Funds have adopted a Distribution Plan (the "Plan") in accordance with Rule 12b-1 of the Act. Under the Plan, each Fund may pay the Distributor and/or any other entity as authorized by the Board a fee of up to 0.25% of each Fund's average daily net assets of Investor Shares for providing distribution and/or shareholder services to the Funds.

The Distributor is not affiliated with the Advisor or Atlantic Fund Administration, LLC (d/b/a Atlantic Fund Services) ("Atlantic") or their affiliates.

Other Service Providers – Atlantic provides fund accounting, fund administration, compliance and transfer agency services to each Fund. Atlantic also provides certain shareholder report production and EDGAR conversion and filing services. Pursuant to an Atlantic services agreement, each Fund pays Atlantic customary fees for its services. Prior to January 8, 2016, SEI Investments Global Funds Services served as the administrator to the Predecessor Fund to the Baywood Socially*Responsible* Fund. For the period October 1, 2015 through January 8, 2016, the administration fee paid to SEI Investments Global Funds Services was \$38,781 for the Baywood Socially*Responsible* Fund.

Atlantic provides a Principal Executive Officer, a Principal Financial Officer, a Chief Compliance Officer and an Anti-Money Laundering Officer to each Fund, as well as certain additional compliance support functions.

Trustees and Officers – The Trust pays each Independent Trustee an annual fee of \$16,000 (\$21,000 for the Chairman). The Independent Trustees and Chairman may receive additional fees for special Board meetings. The Independent Trustees are also reimbursed for all reasonable out-of-pocket expenses incurred in connection with their duties as Trustees, including travel and related expenses incurred in attending Board meetings. The amount of Independent Trustees' fees attributable to each Fund is disclosed in the Statements of Operations. Certain officers of the Trust are also officers or employees of the above named service providers, and during their terms of office received no compensation from each Fund.

Note 4. Expenses Reimbursed and Fees Waived

The Advisor has contractually agreed to waive its fee and/or reimburse certain expenses to limit total operating expenses (excluding all taxes, interest, portfolio transaction expenses, acquired fund fees and expenses, proxy expenses and extraordinary expenses) for Investor Shares to 0.95% and Institutional Shares to 0.70% through March 31, 2017 for Baywood Value*Plus* Fund. Effective January 8, 2016, the Advisor also has contractually agreed to waive its fees and/or reimburse certain expenses to limit total operating expenses (excluding all taxes, interest, portfolio transaction expenses, acquired fund fees and expenses, proxy expenses and extraordinary expenses) for Investor Shares to 1.14% and Institutional Shares to 0.89% through December 31, 2017 for Baywood Socially*Responsible* Fund. Other Fund service providers have voluntarily agreed to waive and reimburse a portion of their fees. These voluntary fee waivers and reimbursements may be reduced or eliminated at any time. For the period ended September 30, 2016, fees waived and expenses reimbursed were as follows:

BAYWOOD FUNDS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

	<u>Investment Advisor Fees Waived</u>	<u>Investment Advisor Expenses Reimbursed</u>	<u>Other Waivers</u>	<u>Total Fees Waived and Expenses Reimbursed</u>
Baywood ValuePlus Fund	\$ 7,909	\$ 109,403	\$ 37,500	\$ 154,812
Baywood SociallyResponsible Fund	75,063	15,982	32,904	123,949

For the year ended November 30, 2015, fees waived and expenses reimbursed were as follows:

	<u>Investment Advisor Fees Waived</u>	<u>Investment Advisor Expenses Reimbursed</u>	<u>Other Waivers</u>	<u>Total Fees Waived and Expenses Reimbursed</u>
Baywood ValuePlus Fund	\$ 49,163	\$ 91,393	\$ 45,000	\$ 185,556

The Funds may repay the Advisor for fees waived and expenses reimbursed pursuant to the expense cap if such payment is made within three years of the fee waiver or expense reimbursement, is approved by the Funds' Board of Trustees and the reimbursement does not cause the Funds' net annual operating expenses of that class to exceed the expense cap in place at the time the fees were waived. The amount of fees waived or expenses reimbursed eligible for recoupment are as follows:

	<u>Amount of Fees Waived and/or Expenses Reimbursed</u>	<u>Expiration Date to Recoup Fees Waived and/or Expenses Reimbursed</u>	<u>Fees Recouped</u>
Baywood ValuePlus Fund			
November 30, 2014	\$ 201,724	November 30, 2017	\$ -
November 30, 2015	\$ 140,556	November 30, 2018	\$ -
September 30, 2016	\$ 117,312	September 30, 2019	\$ -

	<u>Amount of Fees Waived and/or Expenses Reimbursed</u>	<u>Expiration Date to Recoup Fees Waived and/or Expenses Reimbursed</u>	<u>Fees Recouped</u>
Baywood SociallyResponsible Fund			
September 30, 2016	\$ 91,045	September 30, 2019	\$ -

Note 5. Security Transactions

The cost of purchases and proceeds from sales of investment securities (including maturities), other than short-term investments during the period ended September 30, 2016, were as follows:

	<u>Purchases</u>	<u>Sales</u>
Baywood ValuePlus Fund	\$ 669,794	\$ 401,361
Baywood SociallyResponsible Fund	31,395,184	284,262,994

Note 6. Federal Income Tax

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

	<u>Ordinary Income</u>	<u>Long-Term Capital Gain</u>	<u>Total</u>
Baywood ValuePlus Fund			
2016	\$ 240,467	\$ 43,653	\$ 284,120
2015	229,854	2,129,193	2,359,047
2014	30,004	-	30,004
Baywood SociallyResponsible Fund			
2016	752,147	1,906,441	2,658,588
2015	3,086,366	6,323,732	9,410,098

There are amounts included in the above relating to equalization debits.

BAYWOOD FUNDS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

As of September 30, 2016, distributable earnings (accumulated loss) on a tax basis were as follows:

	<u>Undistributed Ordinary Income</u>	<u>Undistributed Long- Term Gain</u>	<u>Capital and Other Losses</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Total</u>
Baywood Value <i>Plus</i> Fund	\$ 4,234	\$ 36,207	\$ -	\$ 145,842	\$ 186,283
Baywood Socially <i>Responsible</i> Fund	-	-	(377,036)	(178,535)	(555,571)

The difference between components of distributable earnings on a tax basis and the amounts reflected in the Statements of Assets and Liabilities are primarily due to wash sales.

For tax purposes, the Baywood Socially*Responsible* Fund's current year post-October loss was \$377,036 (realized during the period November 1, 2015 through September 30, 2016). This loss will be recognized for tax purposes on the first business day of the Fund's next fiscal year, October 1, 2016.

On the Statements of Assets and Liabilities, as a result of permanent book to tax differences, certain amounts have been reclassified for the periods ended November 30, 2015 and September 30, 2016. The following reclassifications were the result of partnerships, equalization and distribution reclassifications and have no impact on the net assets of each Fund.

	<u>Undistributed Net Investment Income (Loss)</u>	<u>Accumulated Net Realized Gain (Loss)</u>	<u>Paid-in-Capital</u>
For the year ended November 30, 2015			
Baywood Value <i>Plus</i> Fund	\$ (4,295)	(1,215,705)	(1,220,000)
For the period ended September 30, 2016			
Baywood Value <i>Plus</i> Fund	\$ 4,288	\$ (4,288)	\$ -
Baywood Socially <i>Responsible</i> Fund	434	902	(1,336)

Note 7. Subsequent Events

Subsequent events occurring after the date of this report through the date these financial statements were issued have been evaluated for potential impact, and each Fund has had no such events.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Baywood Value*Plus* Fund and Baywood Socially*Responsible* Fund
and the Board of Trustees of Forum Funds II

We have audited the accompanying statements of assets and liabilities of Baywood Value*Plus* Fund (formerly Baywood SKBA Value*Plus* Fund) and Baywood Socially*Responsible* Fund (formerly City National Rochdale Socially*Responsible* Fund and formerly a series of the City National Rochdale Funds) (the “*Funds*”), each a series of shares of beneficial interest in Forum Funds II, including the schedules of investments, as of September 30, 2016, and the related statements of operations for the ten-month period then ended and for the year ended November 30, 2015 and the statements of changes in net assets and financial highlights for each of the years or periods during the period December 2, 2013 (commencement of operations) through September 30, 2016 for the Baywood Value*Plus* Fund. We have also audited the statement of operations for the year ended September 30, 2016 and the statements of changes in net assets and financial highlights for each of the years in the two-year period then ended for the Baywood Socially*Responsible* Fund. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for each of the three years presented through September 30, 2014 for the Baywood Socially*Responsible* Fund were audited by other auditors, whose report dated November 28, 2014 expressed an unqualified opinion on those financial highlights.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of September 30, 2016 by correspondence with the custodian and brokers, or by other appropriate auditing procedures where responses from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Baywood Value*Plus* Fund and Baywood Socially*Responsible* Fund as of September 30, 2016, and the results of their operations, the changes in their net assets and their financial highlights for each of the periods detailed above, in conformity with accounting principles generally accepted in the United States of America.



BBD, LLP

Philadelphia, Pennsylvania
November 21, 2016

BAYWOOD FUNDS

ADDITIONAL INFORMATION (Unaudited)

SEPTEMBER 30, 2016

Investment Advisory Agreement Approval

On September 9, 2016, the Trustees met in person with independent legal counsel to the Independent Trustees (“Independent Legal Counsel”), representatives of the Advisor and others to consider information related to the approval of the investment advisory agreement between the Trust, on behalf of the Funds, and the Advisor for the performance of investment advisory services to the Funds. A description of the Board’s conclusions in approving the agreement follows.

In preparation for its September meeting of the Board of Trustees of the Trust (“September Meeting”), the Trustees were presented with a range of information to assist in their deliberations. Those materials included a copy of the investment advisory agreement, as well as information from Broadridge Financial Solutions, Inc. (“Broadridge”), a leading independent source of data about the mutual fund industry, which compared the Funds’ investment advisory fee and total expense ratio with appropriate groups of peer funds that were selected by Broadridge. The Trustees also received a memorandum from Independent Legal Counsel concerning their responsibilities with respect to the approval of the investment advisory agreement. The Independent Trustees met in executive session with Independent Legal Counsel while deliberating.

The Board also reviewed information provided by the Advisor concerning the following:

- The nature and extent of the services provided by the Advisor, including information about the investment objectives, policies and strategies applicable to each Fund;
- The personnel of the Advisor, including educational background, experience in the investment management industry, and the ability of the Advisor to retain qualified personnel;
- The compliance program of the Advisor;
- The financial condition and stability of the Advisor;
- The potential for the Advisor to derive benefits that are ancillary to serving as an investment adviser to the Funds;
- The investment performance of the Advisor with respect to the Funds and their similarly managed accounts;
- The profitability of the Advisor, including information concerning the advisory fees of funds identified by Broadridge and considered to be comparable;
- The investing philosophy of the Advisor; and
- The terms of the investment advisory agreement, including the fees payable under the agreement, and the commitment of the Advisor to provide expense caps and fee waivers for the Funds.

At the September Meeting, the Trustees reviewed, evaluated, and discussed among themselves and with the Advisor and Independent Legal Counsel, among other things, the information referenced above. The Trustees also considered the overall reputation, capabilities, and commitment of the Advisor to provide high-quality services to the Funds. The Independent Trustees engaged in discussion and consideration amongst themselves, and with the Advisor and Independent Legal Counsel. The Trustees concluded that the nature and extent of the investment advisory services provided by the Advisor to the Funds would be appropriate and consistent with the terms of the investment advisory agreement, including the amount of fees to be paid to the Advisor under the advisory agreement. At the September Meeting, the Board unanimously approved the investment advisory agreement. The Trustees agreed that no single factor was determinative of their decision to approve the investment advisory agreement.

Proxy Voting Information

A description of the policies and procedures that each Fund uses to determine how to vote proxies relating to securities held in each Fund’s portfolio is available, without charge and upon request, by calling (855) 409-2297 and on the U.S. Securities and Exchange Commission’s (the “SEC”) website at www.sec.gov. Each Fund’s proxy voting record for the most recent twelve-month period ended June 30 is available, without charge and upon request, by calling (855) 409-2297 and on the SEC’s website at www.sec.gov.

Availability of Quarterly Portfolio Schedules

Each Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. These filings are available, without charge and upon request on the SEC’s website at www.sec.gov or may be reviewed and copied at the SEC’s Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

BAYWOOD FUNDS
 ADDITIONAL INFORMATION (Unaudited)
 SEPTEMBER 30, 2016

Shareholder Expense Example

As a shareholder of the Fund, you incur ongoing costs, including management fees, distribution (12b-1) fees (for Investor Shares only) and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from April 1, 2016, through September 30, 2016.

Actual Expenses – The first line under each share class of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during the period.

Hypothetical Example for Comparison Purposes – The second line under each share class of the table below provides information about hypothetical account values and hypothetical expenses based on each Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not each 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 each Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

	<u>Beginning Account Value April 1, 2016</u>	<u>Ending Account Value September 30, 2016</u>	<u>Expenses Paid During Period*</u>	<u>Annualized Expense Ratio*</u>
Baywood ValuePlus Fund				
Investor Shares				
Actual	\$ 1,000.00	\$ 1,080.41	\$ 4.94	0.95%
Hypothetical (5% return before taxes)	\$ 1,000.00	\$ 1,020.25	\$ 4.80	0.95%
Institutional Shares				
Actual	\$ 1,000.00	\$ 1,082.07	\$ 3.64	0.70%
Hypothetical (5% return before taxes)	\$ 1,000.00	\$ 1,021.50	\$ 3.54	0.70%
Baywood SociallyResponsible Fund				
Investor Shares				
Actual	\$ 1,000.00	\$ 1,090.73	\$ 5.96	1.14%
Hypothetical (5% return before taxes)	\$ 1,000.00	\$ 1,019.30	\$ 5.76	1.14%
Institutional Shares				
Actual	\$ 1,000.00	\$ 1,091.68	\$ 4.65	0.89%
Hypothetical (5% return before taxes)	\$ 1,000.00	\$ 1,020.55	\$ 4.50	0.89%

* Expenses are equal to each Fund’s annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year (183) divided by 365 to reflect the half-year period.

Federal Tax Status of Dividends Declared during the Fiscal Year

For federal income tax purposes, dividends from short-term capital gains are classified as ordinary income. The Baywood ValuePlus Fund designates 100.00% of its income dividend distributed as qualifying for the corporate dividends-received deduction (DRD) and 100.00% for the qualified dividend rate (QDI) as defined in Section 1(h)(11) of the Internal Revenue Code. The Baywood SociallyResponsible Fund designates 100.00% of its income dividend distributed as DRD and 100.00% for QDI.

BAYWOOD FUNDS

ADDITIONAL INFORMATION (Unaudited)

SEPTEMBER 30, 2016

Trustees and Officers of the Trust

The Board is responsible for oversight of the management of the Trust's business affairs and of the exercise of all the Trust's powers except those reserved for the shareholders. The following table provides information about each Trustee and certain officers of the Trust. Each Trustee and officer holds office until the person resigns, is removed, or is replaced. Unless otherwise noted, the persons have held their principal occupations for more than five years. The address for all Trustees and officers is Three Canal Plaza, Suite 600, Portland, Maine 04101. Mr. Keffer and Mr. Hong are considered Interested Trustees due to their affiliation with Atlantic. Each Fund's Statement of Additional Information includes additional information about the Trustees and is available, without charge and upon request, by calling (855) 409-2297.

Name and Year of Birth	Position with the Trust	Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Series of Fund Complex ¹ Overseen by Trustee	Other Directorships Held by Trustee
Independent Trustees					
David Tucker Born: 1958	Chairman of the Board; Trustee; Chairman, Nominating Committee and Qualified Legal Compliance Committee	Since 2013	Director, Blue Sky Experience (a charitable endeavor) since 2008; Senior Vice President & General Counsel, American Century Companies (an investment management firm) 1998-2008.	46	Trustee, Forum Funds, Forum ETF Trust and U.S. Global Investors Funds
Mark D. Moyer Born: 1959	Trustee; Chairman, Audit Committee	Since 2013	Chief Financial Officer, Institute of International Education 2008-2011; Chief Financial Officer and Chief Restructuring Officer, Ziff Davis Media Inc. 2005-2008; Adjunct Professor of Accounting, Fairfield University 2009-2012.	22	Trustee, Forum ETF Trust and U.S. Global Investors Funds
Jennifer Brown-Strabley Born: 1964	Trustee	Since 2013	Principal, Portland Global Advisors 1996-2010.	22	Trustee, Forum ETF Trust and U.S. Global Investors Funds
Interested Trustees					
Stacey E. Hong Born: 1966	Trustee	Since 2013	President, Atlantic since 2008.	22	Trustee, U.S. Global Investors Funds
John Y. Keffer ² Born: 1942	Trustee	Since 2013	Chairman, Atlantic since 2008; President, Forum Investment Advisors, LLC since 2011; President, Forum Foundation (a charitable organization) since 2005; President, Forum Trust, LLC (a non-depository trust company chartered in the State of Maine) since 1997.	46	Trustee, Forum Funds, Forum ETF Trust and U.S. Global Investors Funds; Director, Wintergreen Fund, Inc.
Officers					
Jessica Chase Born: 1970	President; Principal Executive Officer	Since 2015	Senior Vice President, Atlantic since 2008.	N/A	N/A
Karen Shaw Born: 1972	Treasurer; Principal Financial Officer	Since 2013	Senior Vice President, Atlantic since 2008.	N/A	N/A
Zachary Tackett Born: 1988	Vice President; Secretary; Anti-Money Laundering Compliance Officer	Since 2014	Counsel, Atlantic since 2014; Intern Associate, Coakley & Hyde, PLLC, 2010-2013.	N/A	N/A
Michael J. McKeen Born: 1971	Vice President	Since 2013	Senior Vice President, Atlantic since 2008.	N/A	N/A
Timothy Bowden Born: 1969	Vice President	Since 2013	Manager, Atlantic since 2008.	N/A	N/A
Geoffrey Ney Born: 1975	Vice President	Since 2013	Manager, Atlantic since 2013; Senior Fund Accountant, Atlantic, 2008-2013.	N/A	N/A
Todd Proulx Born: 1978	Vice President	Since 2013	Manager, Atlantic since 2013; Senior Fund Accountant, Atlantic, 2008-2013.	N/A	N/A
Carlyn Edgar Born: 1963	Chief Compliance Officer	Since 2013	Senior Vice President, Atlantic since 2008.	N/A	N/A

¹The Fund Complex includes the Trust, Forum Funds, Forum ETF Trust and U.S. Global Investors Funds and is overseen by different Boards of Trustees.

²Atlantic is a subsidiary of Forum Holdings Corp. I, a Delaware corporation that is wholly owned by Mr. Keffer.



BAYWOOD FUNDS

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