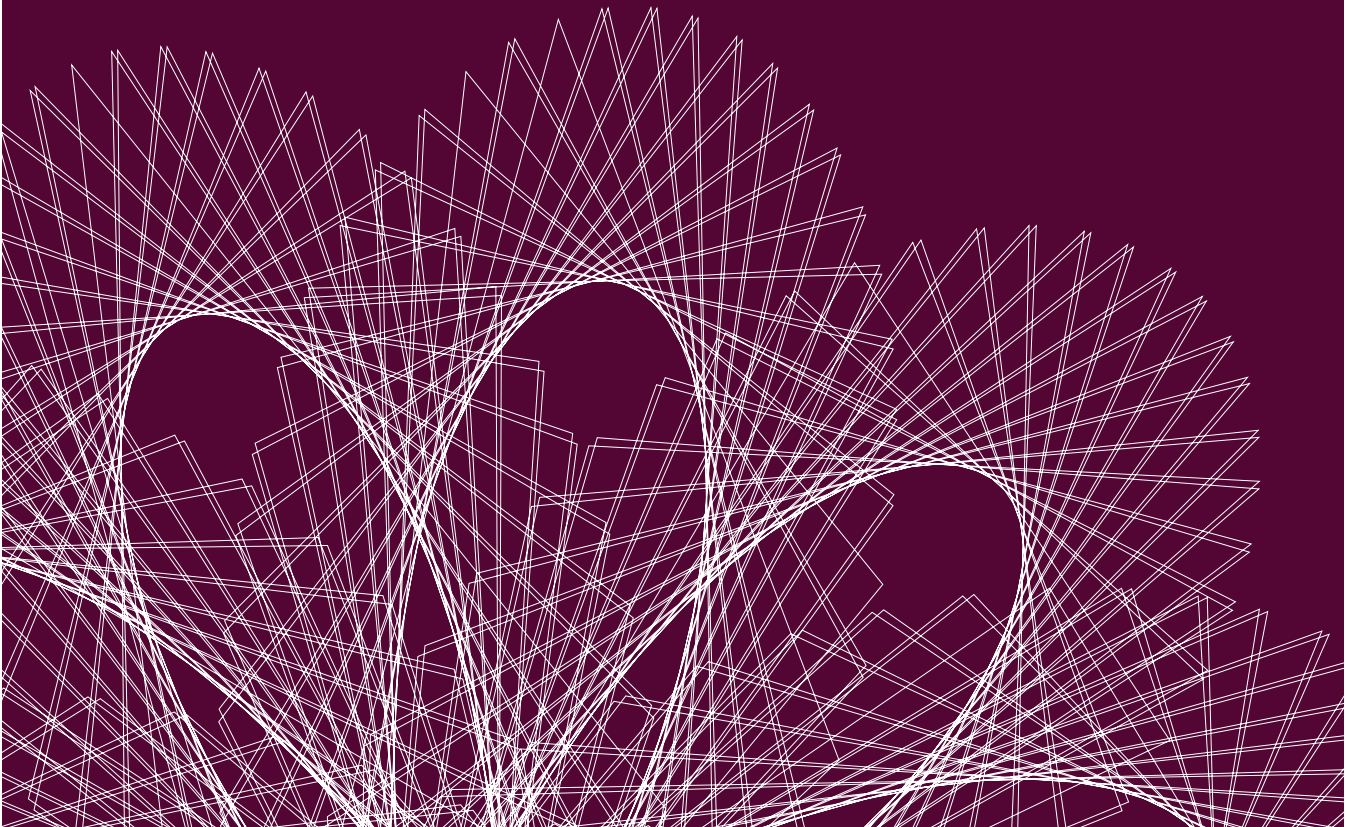


Payson Total Return Fund

ANNUAL REPORT // March 31, 2018



HMPayson

PAYSON TOTAL RETURN FUND

TABLE OF CONTENTS

MARCH 31, 2018

A Message to Our Shareholders (Unaudited)	1
Performance Chart and Analysis (Unaudited)	3
Schedule of Investments	4
Statement of Assets and Liabilities	6
Statement of Operations	7
Statements of Changes in Net Assets	8
Financial Highlights	9
Notes to Financial Statements	10
Report of Independent Registered Public Accounting Firm	15
Additional Information (Unaudited)	17

IMPORTANT INFORMATION

An investment in the Fund is subject to risk, including the possible loss of principal. Other Fund risks include equity risk, convertible securities risk, debt securities risk, exchange-traded funds risk, interest rate risk, credit risk, inflation indexed security risk, government securities risk, value investment risk, mortgage-related and other asset-backed securities risk, and foreign investments risk. Foreign investing involves certain risks and increased volatility not associated with investing solely in the U.S., including currency fluctuations, economic or financial instability, lack of timely or reliable financial information or unfavorable political or legal developments. Mortgage-related and other asset-backed securities risks include extension risk and prepayment risk. In addition, the Fund invests in midcap companies, which pose greater risks than those associated with larger, more established companies. There is no assurance that the Fund will achieve its investment objective.

PAYSON TOTAL RETURN FUND

A MESSAGE TO OUR SHAREHOLDERS (Unaudited)

MARCH 31, 2018

Dear Payson Total Return Fund Shareholder,

The managers of the Payson Total Return Fund (the “Fund”) are pleased to report that the Fund produced a total return of 15.39% for the fiscal year ending March 31, 2018. These results compare favorably to the total return of the S&P 500 (the “Index”) for the same period which produced total returns of 13.99%. These favorable results came about by a disciplined security selection process focusing on companies that are sustaining above averages margins while deploying capital to the benefit of the shareholder. This strategy leads the Fund to be concentrated in certain sectors while underweight others, relative to the Index.

While the US equity markets experienced some price erosion the last two months of the fiscal year, generally stock prices rose through this time period. The combination of low interest rates, low inflation, strong employment results, the passing of favorable tax legislation and continued reduction in regulations all contributed to a continuation of higher corporate earnings this past fiscal year. In addition, foreign economies also experienced positive momentum which in turn helped US companies doing business overseas.

Turning to specific factors that contributed to the Fund’s success this past year, the managers chose to overweight certain companies relative to the weight of the company within the index based on their comparatively superior profit margin and valuation characteristics. At the same time the managers avoided certain sectors they deemed to detract from the portfolio characteristics. The managers of the Fund find that many companies in the Technology sector, for example, exhibit these positive attributes. As the US economy benefits from and becomes increasingly dependent on the productivity improvements that technology can deliver, the sector has become a larger component of the S&P 500. Conversely, low and cyclical margin, capital intensive, highly leveraged sectors such as Energy, Basic Materials and Telecommunications are experiencing declining market capitalization and are shrinking within the Index. These sectors, as such, have a relatively small presence, if any, in the Fund.

The health care sector, where the managers found a number of opportunities that fit their strategy, underperformed the overall Index. More specifically, the pharmaceutical and biotech industries failed to generate the operating results as anticipated over the course of the year. These disappointing results led to relatively poor stock price performance. In addition, uncertainty surrounding the possible imposition of drug price controls by the government have also cast a cloud over the future profitability of the sector. Although the managers continue to find opportunities in this sector generally, they have gradually reduced exposure in this area.

The top five contributors to the Fund’s performance this past year based on their total returns relative to the Index include Amazon Inc. (+63.26%), Mastercard Inc. (+56.81%), Intel Corp. (+48.38%), Visa Inc. (+35.53%) and Accenture (+30.63%). The lowest five contributors in the Fund this past year were Celgene Corp. (-34.08%), Enbridge Inc. (-21.42%), Mylan N.V. (-18.47%), Twenty-First Century Fox Inc. CI B (-15.74%), Merck & Co. Inc. (-11.51%). Of these five holdings, as of March 31, 2018, the fund continued to hold Merck and Twenty First Century Fox.

The managers of the Fund believe the positive economic backdrop described above has staying power both in the US and overseas and as such they see room for further corporate earnings improvement. Although rising

PAYSON TOTAL RETURN FUND

A MESSAGE TO OUR SHAREHOLDERS (Unaudited)

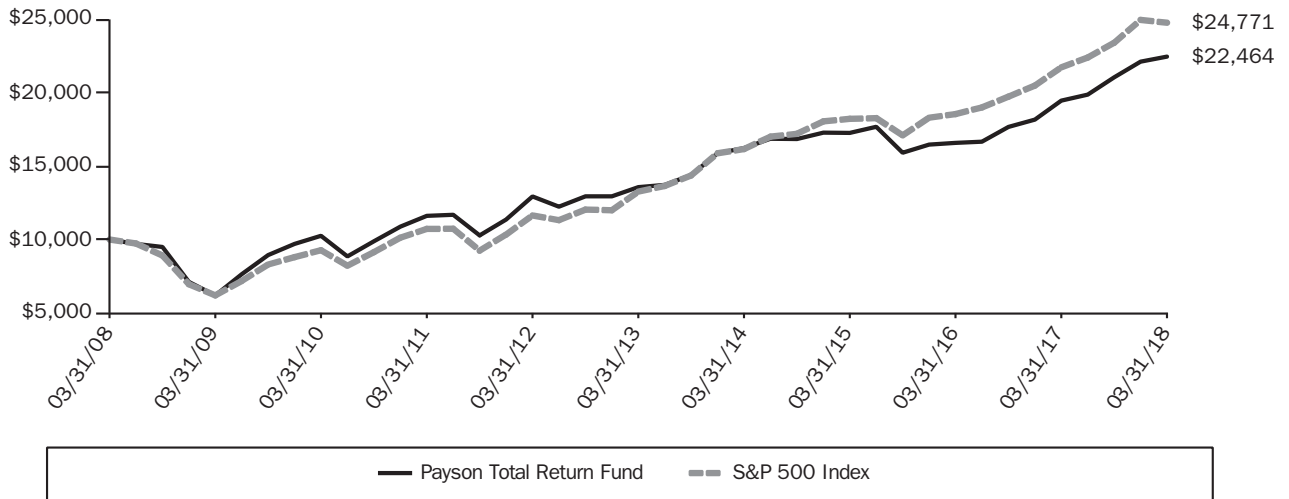
MARCH 31, 2018

interest rates have the potential to pose a headwind to the economy and potentially competition, in terms of return, to stocks, the managers do not yet believe we have reached the point that would warrant a change in allocation. In their view, the recent market volatility, brought about in some respect by the rise in interest rates, presents an opportunity to add to equity positions at more favorable valuations while maintaining the strategic discipline of finding companies that meet the manager's strict characteristic thresholds described above.

PAYSON TOTAL RETURN FUND
PERFORMANCE CHART AND ANALYSIS (Unaudited)
MARCH 31, 2018

The following chart reflects the change in the value of a hypothetical \$10,000 investment, including reinvested dividends and distributions, in Payson Total Return Fund (the "Fund") compared with the performance of the benchmark, S&P 500 Index (the "S&P 500"), over the past ten fiscal years. 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 the index includes the reinvestment of dividends and income. The total return of the Fund includes operating expenses that reduce returns, while the total return of the index does not include expenses. The Fund is professionally managed, while the index is unmanaged and is not available for investment.

**Comparison of Change in Value of a \$10,000 Investment
 Payson Total Return Fund vs. S&P 500 Index**



**Average Annual Total Returns
 Periods Ended March 31, 2018**

	One Year	Five Year	Ten Year
Payson Total Return Fund	15.39%	10.61%	8.43%
S&P 500 Index	13.99%	13.31%	9.49%

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than original cost. As stated in the Fund's prospectus, the annual operating expense ratio (gross) is 0.98%. The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns greater than one year are annualized. For the most recent month-end performance, please call (800) 805-8258.

PAYSON TOTAL RETURN FUND
SCHEDULE OF INVESTMENTS
MARCH 31, 2018

<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
Common Stock - 98.9%		
Consumer Discretionary - 16.9%		
2,560	Amazon.com, Inc. ^(a)	\$ 3,705,190
26,957	Aptiv PLC	2,290,536
1,322	Booking Holdings, Inc. ^(a)	2,750,276
7,837	McDonald's Corp.	1,225,550
200	NVR, Inc. ^(a)	560,000
10,431	The Home Depot, Inc.	1,859,221
28,148	The TJX Cos., Inc.	2,295,751
12,680	Thor Industries, Inc.	1,460,356
		<u>16,146,880</u>
Consumer Staples - 1.6%		
27,515	Unilever PLC, ADR	<u>1,528,733</u>
Energy - 2.9%		
34,262	Enbridge, Inc.	1,078,225
17,255	Phillips 66	1,655,100
		<u>2,733,325</u>
Financial - 17.4%		
62,376	Aflac, Inc.	2,729,574
24,040	American Express Co.	2,242,451
10,616	Berkshire Hathaway, Inc., Class B ^(a)	2,117,680
21,251	JPMorgan Chase & Co.	2,336,972
20,995	Mastercard, Inc., Class A	3,677,484
29,100	Visa, Inc., Class A	3,480,942
		<u>16,585,103</u>
Health Care - 16.0%		
15,807	Amgen, Inc.	2,694,778
26,621	Danaher Corp.	2,606,462
26,530	Gilead Sciences, Inc.	2,000,097
30,335	Johnson & Johnson	3,887,430
28,845	Merck & Co., Inc.	1,571,187
71,337	Pfizer, Inc.	2,531,750
		<u>15,291,704</u>
Industrials - 8.1%		
17,870	CSX Corp.	995,538
38,775	Fortive Corp.	3,005,838
4,227	General Dynamics Corp.	933,744
72,630	General Electric Co.	979,053
14,500	United Technologies Corp.	1,824,390
		<u>7,738,563</u>
Technology - 36.0%		
17,804	Accenture PLC, Class A	2,732,914
4,425	Alphabet, Inc., Class A ^(a)	4,589,345
19,027	Apple, Inc.	3,192,350

<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
Technology - 36.0% (continued)		
52,533	Applied Materials, Inc.	\$ 2,921,360
67,903	Cisco Systems, Inc.	2,912,360
3,270	Facebook, Inc., Class A ^(a)	522,513
14,270	IBM	2,189,446
88,808	Intel Corp.	4,625,121
29,660	Microsoft Corp.	2,707,068
46,035	QUALCOMM, Inc.	2,550,799
28,015	Skyworks Solutions, Inc.	2,808,784
32,000	Worldpay, Inc., Class A ^(a)	2,631,680
		<u>34,383,740</u>
Total Common Stock (Cost \$65,197,275)		<u>94,408,048</u>
Investments, at value - 98.9% (Cost \$65,197,275)		\$ 94,408,048
Other Assets & Liabilities, Net - 1.1%		<u>1,081,027</u>
Net Assets - 100.0%		<u>\$ 95,489,075</u>

ADR American Depositary Receipt
PLC Public Limited Company
(a) Non-income producing security.

The following is a summary of the inputs used to value the Fund's investments as of March 31, 2018.

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	\$ 94,408,048
Level 2 - Other Significant Observable Inputs	—
Level 3 - Significant Unobservable Inputs	—
Total	<u>\$ 94,408,048</u>

The Level 1 value displayed in this table is Common Stock. 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 year ended March 31, 2018.

PAYSON TOTAL RETURN FUND
SCHEDULE OF INVESTMENTS
MARCH 31, 2018

PORTFOLIO HOLDINGS (Unaudited)

% of Total Investments

Consumer Discretionary	17.1%
Consumer Staples	1.6%
Energy	2.9%
Financial	17.6%
Health Care	16.2%
Industrials	8.2%
Technology	36.4%
	<u>100.0%</u>

PAYSON TOTAL RETURN FUND
STATEMENT OF ASSETS AND LIABILITIES
MARCH 31, 2018

ASSETS	
Investments, at value (Cost \$65,197,275)	\$ 94,408,048
Cash	1,500,597
Receivables:	
Fund shares sold	210,201
Dividends and interest	31,712
Prepaid expenses	8,826
Total Assets	<u>96,159,384</u>
LIABILITIES	
Payables:	
Investment securities purchased	523,003
Fund shares redeemed	259
Distributions payable	52,561
Accrued Liabilities:	
Investment adviser fees	49,326
Trustees' fees and expenses	50
Fund services fees	14,855
Other expenses	30,255
Total Liabilities	<u>670,309</u>
NET ASSETS	<u>\$ 95,489,075</u>
COMPONENTS OF NET ASSETS	
Paid-in capital	\$ 67,090,679
Distributions in excess of net investment income	(3,254)
Accumulated net realized loss	(809,123)
Net unrealized appreciation	29,210,773
NET ASSETS	<u>\$ 95,489,075</u>
SHARES OF BENEFICIAL INTEREST AT NO PAR VALUE (UNLIMITED SHARES AUTHORIZED)	<u>5,375,471</u>
NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE	<u>\$ 17.76</u>

PAYSON TOTAL RETURN FUND
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2018

INVESTMENT INCOME

Dividend income (Net of foreign withholding taxes of \$7,772)	\$	1,512,760
Interest income		<u>10,098</u>
Total Investment Income		<u>1,522,858</u>

EXPENSES

Investment adviser fees		520,190
Fund services fees		178,184
Custodian fees		9,745
Registration fees		20,431
Professional fees		43,345
Trustees' fees and expenses		9,851
Other expenses		<u>34,020</u>
Total Expenses		<u>815,766</u>

NET INVESTMENT INCOME

707,092

NET REALIZED AND UNREALIZED GAIN

Net realized gain on investments		2,832,668
Net change in unrealized appreciation (depreciation) on investments		<u>8,633,351</u>

NET REALIZED AND UNREALIZED GAIN

11,466,019

INCREASE IN NET ASSETS RESULTING FROM OPERATIONS

\$ 12,173,111

PAYSON TOTAL RETURN FUND
STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
OPERATIONS		
Net investment income	\$ 707,092	\$ 841,700
Net realized gain	2,832,668	2,414,460
Net change in unrealized appreciation (depreciation)	8,633,351	9,078,816
Increase in Net Assets Resulting from Operations	<u>12,173,111</u>	<u>12,334,976</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM		
Net investment income	(612,740)	(1,076,603)
Net realized gain	<u>(3,736,941)</u>	<u>—</u>
Total Distributions to Shareholders	<u>(4,349,681)</u>	<u>(1,076,603)</u>
CAPITAL SHARE TRANSACTIONS		
Sale of shares	13,283,006	5,194,635
Reinvestment of distributions	3,943,748	465,432
Redemption of shares	<u>(8,449,442)</u>	<u>(12,543,894)</u>
Increase (Decrease) in Net Assets from Capital Share Transactions	8,777,312	(6,883,827)
Increase in Net Assets	<u>16,600,742</u>	<u>4,374,546</u>
NET ASSETS		
Beginning of Year	78,888,333	74,513,787
End of Year (Including line (a))	<u>\$ 95,489,075</u>	<u>\$ 78,888,333</u>
SHARE TRANSACTIONS		
Sale of shares	747,377	347,371
Reinvestment of distributions	223,983	31,121
Redemption of shares	<u>(483,769)</u>	<u>(835,902)</u>
Increase (Decrease) in Shares	<u>487,591</u>	<u>(457,410)</u>
 (a) Distributions in excess of net investment income	 \$ (3,254)	 \$ (44)

PAYSON TOTAL RETURN FUND
FINANCIAL HIGHLIGHTS

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

	For the Years Ended March 31,				
	2018	2017	2016	2015	2014
NET ASSET VALUE, Beginning of Year	\$ 16.14	\$ 13.94	\$ 15.21	\$ 15.22	\$ 13.89
INVESTMENT OPERATIONS					
Net investment income (a)	0.14	0.16	0.16	0.16	0.42
Net realized and unrealized gain (loss)	2.33	2.25	(0.76)	0.77	2.23
Total from Investment Operations	2.47	2.41	(0.60)	0.93	2.65
DISTRIBUTIONS TO SHAREHOLDERS FROM					
Net investment income	(0.12)	(0.21)	(0.16)	(0.16)	(0.41)
Net realized gain	(0.73)	—	(0.51)	(0.78)	(0.91)
Total Distributions to Shareholders	(0.85)	(0.21)	(0.67)	(0.94)	(1.32)
NET ASSET VALUE, End of Year	<u>\$ 17.76</u>	<u>\$ 16.14</u>	<u>\$ 13.94</u>	<u>\$ 15.21</u>	<u>\$ 15.22</u>
TOTAL RETURN	15.39%	17.41%	(3.94)%	6.32%	19.62%
RATIOS/SUPPLEMENTARY DATA					
Net Assets at End of Year (000s omitted)	\$ 95,489	\$ 78,888	\$ 74,514	\$ 76,875	\$ 71,035
Ratios to Average Net Assets:					
Net investment income	0.82%	1.10%	1.11%	1.05%	2.84%
Net expenses	0.94%	0.98%	0.97%	0.97%	1.01%
Gross expenses	0.94%	0.98%	0.97%	0.97%	1.01%
PORTFOLIO TURNOVER RATE	38%	30%	55%	41%	47%

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

Note 1. Organization

The Payson Total Return Fund (the “Fund”) is a diversified portfolio of Forum Funds (the “Trust”). The Trust is a Delaware statutory trust that is registered as an open-end, management investment company under the Investment Company Act of 1940, as amended (the “Act”). Under its Trust Instrument, the Trust is authorized to issue an unlimited number of the Fund’s shares of beneficial interest without par value. The Fund commenced operations on November 25, 1991. The Fund seeks a combination of high current income and capital appreciation.

Note 2. Summary of Significant Accounting Policies

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

Security Valuation – Securities are valued at market prices using the last quoted trade or official closing price from the principal exchange where the security is traded, as provided by independent pricing services on each Fund business day. In the absence of a last trade, securities are valued at the mean of the last bid and ask price provided by the pricing service.

The Fund values its investments at fair value pursuant to procedures adopted by the Trust’s Board of Trustees (the “Board”) if (1) market quotations are not readily available or (2) the Adviser, as defined in Note 4, believes that the values available are unreliable. The Trust’s Valuation Committee, as defined in the Fund’s registration statement, performs certain functions as they relate to the administration and oversight of the Fund’s valuation procedures. Under these procedures, the Valuation Committee convenes on a regular and ad hoc basis to review such investments and considers a number of factors, including valuation methodologies and significant unobservable inputs, when arriving at fair value.

The Valuation Committee may work with the Adviser to provide valuation inputs. In determining fair valuations, inputs may include market-based analytics that may consider related or comparable assets or liabilities, recent transactions, market multiples, book values and other relevant investment information. Adviser 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.

PAYSON TOTAL RETURN FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

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 net asset value ("NAV") than a NAV determined by using market quotes.

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

Level 1 - Quoted prices in active markets for identical assets and liabilities.

Level 2 - Prices determined using significant other observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Short-term securities with maturities of sixty days or less are valued at amortized cost, which approximates market value, and are categorized as Level 2 in the hierarchy. Municipal securities, long-term U.S. government obligations and corporate debt securities are valued in accordance with the evaluated price supplied by the pricing service and generally categorized as Level 2 in the hierarchy. Other securities that are categorized as Level 2 in the hierarchy include, but are not limited to, warrants that do not trade on an exchange, securities valued at the mean between the last reported bid and ask quotation and international equity securities valued by an independent third party with adjustments for changes in value between the time of the securities respective local market closes and the close of the U.S. market.

Level 3 - Significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The aggregate value by input level, as of March 31, 2018, for the Fund's investments is included at the end of the Fund's Schedule of Investments.

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

Distributions to Shareholders – Distributions to shareholders of net investment income, if any, are declared and paid quarterly. Distributions to shareholders of net capital gains and net foreign currency 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 the Fund, timing differences and differing characterizations of distributions made by the Fund.

PAYSON TOTAL RETURN FUND**NOTES TO FINANCIAL STATEMENTS**MARCH 31, 2018

Federal Taxes – The Fund intends to continue to qualify each year as a regulated investment company under Subchapter M of Chapter 1, Subtitle A, of the Internal Revenue Code of 1986, as amended (“Code”), and to distribute all of its taxable income to shareholders. In addition, by distributing in each calendar year substantially all of its net investment income and capital gains, if any, the Fund will not be subject to a federal excise tax. Therefore, no federal income or excise tax provision is required. The Fund files a U.S. federal income and excise tax return as required. The Fund’s federal income tax returns are subject to examination by the Internal Revenue Service for a period of three fiscal years after they are filed. As of March 31, 2018, there are no uncertain tax positions that would require financial statement recognition, de-recognition or disclosure.

Income and Expense Allocation – The Trust accounts separately for the assets, liabilities and operations of each of its investment portfolios. Expenses that are directly attributable to more than one investment portfolio are allocated among the respective investment portfolios in an equitable manner.

Commitments and Contingencies – In the normal course of business, the Fund enters into contracts that provide general indemnifications by the Fund to the counterparty to the contract. The Fund’s maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote. The Fund has determined that none of these arrangements requires disclosure on the Fund’s balance sheet.

Note 3. Cash – Concentration in Uninsured Account

For cash management purposes, the Fund may concentrate cash with the Fund’s custodian. This typically results in cash balances exceeding the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. As of March 31, 2018, the Fund had \$1,250,597 at MUFG Union Bank, N.A. that exceeded the FDIC insurance limit.

Note 4. Fees and Expenses

Investment Adviser – H.M. Payson & Co. (the “Adviser”) is the investment adviser to the Fund. Pursuant to an investment advisory agreement, the Adviser receives an advisory fee, payable monthly, from the Fund at an annual rate of 0.60% of the Fund’s average daily net assets.

Distribution – Foreside Fund Services, LLC serves as the Fund’s distributor (the “Distributor”). The Fund does not have a distribution (12b-1) plan; accordingly, the Distributor does not receive compensation from the Fund for its distribution services. The Adviser compensates the Distributor directly for its services. The Distributor is not affiliated with the Adviser 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 the Fund. The fees related to these services are included in Fund services fees within the Statement of Operations. Atlantic also provides certain shareholder report production and EDGAR conversion and filing services. Pursuant to an Atlantic services agreement, the Fund pays Atlantic customary fees for its

PAYSON TOTAL RETURN FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

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

Trustees and Officers – Through December 31, 2017, the Trust paid each independent Trustee an annual retainer fee of \$50,000 for service to the Trust (\$66,000 for the Chairman), and the Audit Committee Chairman and Vice Chairman received an additional \$6,000 annually. Effective January 1, 2018, each independent Trustee's annual retainer is \$31,000 (\$41,000 for the Chairman), and the Audit Committee Chairman receives an additional \$2,000 annually. The Trustees and Chairman may receive additional fees for special Board meetings. Each Trustee is also reimbursed for all reasonable out-of-pocket expenses incurred in connection with his duties as a Trustee, including travel and related expenses incurred in attending Board meetings. The amount of Trustees' fees attributable to the Fund is disclosed in the Statement of Operations. Certain officers of the Trust are also officers or employees of the above named service providers, and during their terms of office received no compensation from the Fund.

Note 5. Security Transactions

The cost of purchases and proceeds from sales of investment securities (including maturities), other than short-term investments, during the year ended March 31, 2018 were \$36,234,128 and \$31,653,905, respectively.

Note 6. Federal Income Tax

As of March 31, 2018, the cost of investments for federal income tax purposes is \$65,099,787 and the components of net unrealized appreciation were as follows:

Gross Unrealized Appreciation	\$	30,053,286
Gross Unrealized Depreciation		(745,025)
Net Unrealized Appreciation	\$	<u>29,308,261</u>

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

	<u>2018</u>	<u>2017</u>
Ordinary Income	\$ 911,875	\$ 1,115,355
Long-Term Capital Gain	3,487,584	-
	<u>\$ 4,399,459</u>	<u>\$ 1,115,355</u>

As of March 31, 2018, distributable earnings (accumulated loss) on a tax basis were as follows:

Undistributed Ordinary Income	\$	49,307
Capital and Other Losses		(906,611)
Net Unrealized Appreciation		29,308,261
Other Temporary Differences		(52,561)
Total	\$	<u>28,398,396</u>

PAYSON TOTAL RETURN FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

The difference between components of distributable earnings on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to wash sales, treatment of distributions payable and equity return of capital.

On the Statement of Assets and Liabilities, as a result of permanent book to tax differences, certain amounts have been reclassified for the year ended March 31, 2018. The following reclassification was the result of equity return of capital and has no impact on the net assets of the Fund.

Distributions in Excess of Net Investment Income	\$	(97,562)
Accumulated Net Realized Gain (Loss)		97,562

For tax purposes, the current year post-October loss was \$906,611 for the Payson Total Return Fund (realized during the period November 1, 2017 through March 31, 2018). This loss will be recognized for tax purposes on the first business day of the Fund's next fiscal year, April 1, 2018.

Note 7. Subsequent Events

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees of Forum Funds
and the Shareholders of Payson Total Return Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Payson Total Return Fund, a series of shares of beneficial interest in Forum Funds (the “**Fund**”), including the schedule of investments, as of March 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended and the financial highlights for each of the years in the five-year period then ended, and the related notes (collectively referred to as the “**financial statements**”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of March 31, 2018, and the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended and its financial highlights for each of the years in the five-year period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of March 31, 2018 by correspondence with the custodian and brokers. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

BBA, LLP

We have served as the auditor of one or more of the Funds in Forum Funds since 2009.

Philadelphia, Pennsylvania

May 24, 2018

PAYSON TOTAL RETURN FUND

ADDITIONAL INFORMATION (Unaudited)

MARCH 31, 2018

Shareholder Proxy Vote

At a special meeting of shareholders for all the Funds in the Trust, held on December 8, 2017, shares were voted as follows on the proposals presented to shareholders:

Matter	For	Against	Abstain
To elect David Tucker to the Board of Trustees of the Trust	108,303,928.779	1,542,957.994	0
To elect Jennifer Brown-Strabley to the Board of Trustees of the Trust	108,183,952.495	1,662,934.278	0
To elect Mark D. Moyer to the Board of Trustees of the Trust.	108,142,412.946	1,704,473.827	0
To elect Jessica Chase to the Board of Trustees of the Trust.	107,632,924.803	2,213,961.970	0
To elect Stacey E. Hong to the Board of Trustees of the Trust.	105,777,266.997	4,069,619.776	0

Proxy Voting Information

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling (800) 805-8258 and on the SEC website at www.sec.gov. The Fund's proxy voting record for the most recent twelve-month period ended June 30 is available, without charge and upon request, by calling (800) 805-8258 and on the SEC's website at www.sec.gov.

Availability of Quarterly Portfolio Schedules

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

Shareholder Expense Example

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

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from October 1, 2017 through March 31, 2018.

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

PAYSON TOTAL RETURN FUND

ADDITIONAL INFORMATION (Unaudited)

MARCH 31, 2018

Hypothetical Example for Comparison Purposes – The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

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

	Beginning Account Value October 1, 2017	Ending Account Value March 31, 2018	Expenses Paid During Period*	Annualized Expense Ratio*
Actual	\$ 1,000.00	\$ 1,067.11	\$ 4.74	0.92%
Hypothetical (5% return before expenses)	\$ 1,000.00	\$ 1,020.34	\$ 4.63	0.92%

* Expenses are equal to the Fund’s annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year (182) divided by 365 to reflect the half-year period.

Federal Tax Status of Dividends Declared during the Fiscal Year

For federal income tax purposes, dividends from short-term capital gains are classified as ordinary income. The Fund designates 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 Code. The Fund also designates 27.34% as short-term capital gain dividends exempt from U.S. tax for foreign shareholders (QSD). The Fund also designates 0.53% as qualified interest income exempt from U.S. tax for foreign shareholders (QII).

Trustees and Officers of the Trust

The Board is responsible for oversight of the management of the Trust’s business affairs and of the exercise of all the Trust’s powers except those reserved for the shareholders. The following table provides information about each Trustee and certain officers of the Trust. Each Trustee and officer holds office until the person resigns, is removed, or is replaced. Unless otherwise noted, the persons have held their principal occupations for more than five years. The address for all Trustees and officers is Three Canal Plaza, Suite 600, Portland, Maine 04101. The Fund’s Statement of Additional Information includes additional information about the Trustees and is available, without charge and upon request, by calling (800) 805-8258.

PAYSON TOTAL RETURN FUND

ADDITIONAL INFORMATION (Unaudited)

MARCH 31, 2018

Name and Year of Birth	Position with the Trust	Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Series in Fund Complex Overseen By Trustee	Other Directorships Held By Trustee During Past Five Years
Independent Trustees					
David Tucker Born: 1958	Trustee; Chairman of the Board	Since 2011 and Chairman since 2018	Director, Blue Sky Experience (a charitable endeavor) since 2008; Senior Vice President & General Counsel, American Century Companies (an investment management firm) 1998-2008.	1	Trustee, Forum Funds II, Forum ETF Trust and U.S. Global Investors Funds
Mark D. Moyer Born: 1959	Trustee	Since 2018	Chief Financial Officer, Freedom House (a NGO advocating political freedom and democracy) since 2017; independent consultant providing interim CFO services, principally to non-profit organizations, 2011-2017; Chief Financial Officer, Institute of International Education (a NGO administering international educational exchange programs), 2008-2011; Chief Financial Officer and Chief Restructuring Officer, Ziff Davis Media Inc. (an integrated media company), 2005-2008; Adjunct Professor of Accounting, Fairfield University from 2009-2012.	1	Trustee, Forum Funds II, Forum ETF Trust and U.S. Global Investors Funds
Jennifer Brown-Strabley Born: 1964	Trustee	Since 2018	Principal, Portland Global Advisors, 1996-2010.	1	Trustee, Forum Funds II, Forum ETF Trust and U.S. Global Investors Funds
Interested Trustee					
Stacey E. Hong ⁽¹⁾ Born: 1966	Trustee	Since 2018	President, Atlantic since 2008.	1	Trustee, Forum Funds II and U.S. Global Investors Funds

PAYSON TOTAL RETURN FUND

ADDITIONAL INFORMATION (Unaudited)

MARCH 31, 2018

Name and Year of Birth	Position with the Trust	Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Series in Fund Complex Overseen By Trustee	Other Directorships Held By Trustee During Past Five Years
Jessica Chase ⁽¹⁾ Born: 1970	Trustee	Since 2018	Senior Vice President, Atlantic since 2008.	1	None

⁽¹⁾Stacey E. Hong is currently treated as an interested person of the Trust, as defined in the 1940 Act, due to his affiliation with Atlantic. Jessica Chase is currently treated as an interested person of the Trust, as defined in the 1940 Act, due to her affiliation with Atlantic and her role as President of the Trust.

Name and Year of Birth	Position with the Trust	Length of Time Served	Principal Occupation(s) During Past 5 Years
Officers			
Jessica Chase Born: 1970	President; Principal Executive Officer	Since 2015	Senior Vice President, Atlantic since 2008.
Karen Shaw Born: 1972	Treasurer; Principal Financial Officer	Since 2008	Senior Vice President, Atlantic since 2008.
Zachary Tackett Born: 1988	Vice President; Secretary and Anti-Money Laundering Compliance Officer	Since 2014	Counsel, Atlantic since 2014; Intern Associate, Coakley & Hyde, PLLC, 2010-2013.
Michael J. McKeen Born: 1971	Vice President	Since 2009	Senior Vice President, Atlantic since 2008.
Timothy Bowden Born: 1969	Vice President	Since 2009	Manager, Atlantic since 2008.
Geoffrey Ney Born: 1975	Vice President	Since 2013	Manager, Atlantic since 2013; Senior Fund Accountant, Atlantic, 2008–2013.
Todd Proulx Born: 1978	Vice President	Since 2013	Manager, Atlantic since 2013; Senior Fund Accountant, Atlantic, 2008–2013.
Carlyn Edgar Born: 1963	Vice President	Since 2008	Senior Vice President, Atlantic since 2008; Chief Compliance Officer, 2008-2016
Dennis Mason Born: 1967	Chief Compliance Officer	Since 2016	Fund Compliance Officer, Atlantic since 2013; Senior Specialist, Atlantic, 2011-2013; Senior Analyst, Atlantic, 2008-2011

FOR MORE INFORMATION

PAYSON TOTAL RETURN FUND

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TRANSFER AGENT

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This report is submitted for the general information of the shareholders of the Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus, which includes information regarding the Fund's risks, objectives, fees and expenses, experience of its management, and other information.

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