

April 26, 2016

Boothbay Absolute Return Strategies, LP (the “Fund”) 2016 Q1 net return was an estimated **(1.37%)²** versus +0.77% for the S&P 500, (2.59%) for the HFRX Global Hedge Fund Index, and (0.58%) for the HFRX Absolute Return Index.

	Net Returns (%)			
	Boothbay	S&P 500	HFRX Index Absolute Return Index	HFRX Index Global Hedge Fund
Q1 2016	-1.37%	0.77%	-0.58%	-1.87%
March	-1.20%	6.60%	-0.29%	1.24%
February	0.36%	-0.41%	-0.35%	-0.32%
January	-0.53%	-5.07%	0.05%	-2.76%

Since opening the Fund to external investors on July 1, 2014, Boothbay has returned **10.26%²**, versus 5.08% for the S&P 500 during the same period.

Performance and Commentary

Q1 of 2016 was our Fund’s most challenging quarter yet. As we had warned in the Q4 letter, our streak of 14 consecutive positive months was certain to end at some point. The streak ended in January, which portended an even more difficult March.

In the general markets, it was a very unusual quarter. The S&P 500 Index was relatively flat through March, despite having experienced a steep sell-off and recovery. Despite this modestly positive market performance, hedge fund returns were very poor. An industry note from Morgan Stanley said that Q1 2016 was the worst quarter for stock picking alpha in at least 7 years. Returns were especially bad for relative value multi-manager multi-strategy firms, the category Boothbay falls in. Overall, the quarter was our worst, and brought about some questions and challenges to the wider multi-strategy category, while at the same time offering affirmation for what we do differently at Boothbay.

What happened?

In our view, several items collided to force one of the hedge fund industry’s largest-ever deleveraging events. The alternative investment world has changed materially. Leverage is more appropriate for relative value multi-manager multi-strategy firms, as they are, among other things, market-neutral and diversified. As a result, there is an astounding amount of money, as measured by gross market value, in these strategies.

Liquidations and turnover from at least one large platform (leaving some arguing the giant platforms have become too large), combined with an abnormally volatile January, created market-wide losses, causing many firms to start deleveraging; first at the sub advisor level as automatic risk stop-outs were triggered, and then at the fund levels, giving rise to a major cascading effect. When market-neutral funds deleverage, they are selling longs that they believe they should own and covering or buying shorts that they think will go down. This risk-based non-economic buying and selling causes strange market dynamics. Value based investors who buy on the cheap with a margin of safety set an effective floor on stocks being sold, but the opposite (a short seller that needs to be short a stock at a given price) doesn’t exist. This resulted in a vicious short covering rally. Not surprisingly, Boothbay’s returns on days the

market was down in the quarter were very positive, with more than 250% of our losses coming on days the market was up. Knowing that a deleveraging has happened, even when it is happening, and knowing what to do about it are two different things. Do we not want to be in the “smart longs and smart shorts”? Of course we do.

How can we avoid these deleveraging losses?

While not totally immune, we were much less affected than our peers, with reported numbers down between 4% and 17% for the quarter, including some losses that may lead to fund closures. The fact we lost 1.37% during what we believe is a worst-case market, while unpleasant, appears in context to be a relative accomplishment.

We are not happy to ever lose money, but losing less than our peers is a further proof of concept for how we have designed our product to be a bit different from other multi-strategy funds. Our losses were cushioned by at least three factors: 1) Our First-Loss strategy, 2) our ability to allocate capital to more niche, uncorrelated strategies, and 3) our managers’ ability to position a larger percentage of our portfolio in less-crowded names and themes, which were less subject to the deleveraging.

Our three biggest manager losers cost us more than 100% of our Fund losses for the quarter, specifically in the energy and technology sectors. These managers have strong and proven performance records, both with us and prior to joining Boothbay. We still believe they can make us materially more in the future, so their risk was reduced to a smaller size in some cases, but not terminated.

Our robust sourcing effort continues to improve, and we are excited about the pipeline of managers, including an increase in the size of the First-Loss platform.

While no fund can have absolute protection from difficult periods, we strive to reduce correlation and improve downside protection during times of stress. Since inception, we have communicated that we intend to run Boothbay in a way that +/- 2.5% months should generally happen once every 20 months. We are not macro experts, but we expect equity market volatility to remain high. In any event, there are certainly material mispricings that our traders should be able to take advantage of in the coming months. I hope we protect capital this well in other similar periods. If we do, we will be around to make money in the better market environments when they come.

Team

On the business side, we have made a significant hire. Peter Bremberg joined Boothbay on April 18 as our Chief Operating Officer. Peter was our primary representative at BNP Paribas, one of our major counterparties, and has worked closely with us for the past three years. We have been impressed with his skills and experience as well as his temperament. I think he will be an incredibly valuable asset to our organization as we build for the future. Peter will allow us to continue to bring operational best practices to Boothbay. He has unique knowledge of the inner workings of prime brokers, especially as they relate to margin and financing, counterparty risk, trading, and other material business items. Moreover, his presence and ability to handle high-level, day-to-day issues will free me up to engage in more strategic endeavors.

I look forward to integrating Peter into our team on a more formal basis and I expect his presence here will ultimately show up in the Fund’s bottom line. We are cautious about growth and fit, and are confident we have the right person to help us not only continue on the path we have started, but to take us to new heights. I know Peter looks forward to getting to know each of you.

Assets Under Management

As of April 1, 2016, Boothbay's total AUM was approximately **\$181 million**, not including assets from First Loss Managers.

Portfolio Review:

- Within our Multi-Strategy platform, the "Other" category was the quarter's largest contributor, generating returns of +0.33%
- The quarterly attributions were as follows: "Quantitative," at +0.27%; "Other," at +0.33%; "Fundamental L/S," at -1.85%; and "First Loss," at +0.53%
- For the first quarter of 2016, 33% of "Fundamental L/S", 44% of "Quantitative" and 47% of "Other" managers were profitable
- The top five performing managers contributed 45% of the quarterly total positive return, with the largest single manager positively contributing 13%.
- On the negative attribution side, the bottom five managers made up 49% of negative returns, with the largest single manager negatively contributing 16%.
- As of April 2016, the Multi-Strategy platform had 27 Fundamental L/S Equity managers, 27 Quantitative managers, 13 "Other" managers (these figures include 10 Hybrids¹), and 14 First-Loss managers. We terminated 6 managers in the first quarter.

Risk Target and Commentary

- We averaged approximately 0.54% daily Value at Risk for the quarter, versus a target of approximately 0.80% VaR (95% Confidence Interval — which excludes First-Loss managers).

As always, I am available to answer all investment and business inquiries. Daniel Bloom is available to answer any questions related to financial operations.

Sincerely,



Ari Glass
Managing Member, Boothbay Fund Management LLC

¹ By Hybrid, we are referring to accounts for which we have both a First-Loss allocation as well as a direct investment

² Assumes Boothbay Absolute Return Strategies, LP, Onshore Accelerator Share Class 1A (2-year lock and 14% incentive allocation)

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This letter includes forward-looking statements. Although Boothbay believes that the expectations and views reflected in such statements are reasonable, such statements are subject to a number of assumptions, risks and uncertainties which may cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements, and the expectations and views reflected therein, expressed in this letter may change at any time, without notice. Prospective investors are cautioned not to invest based on these forward-looking statements.

Performance figures (which include the reinvestment of dividends, capital gains and other earnings) included herein are based on unaudited information, may be subject to adjustment and are shown net of fees/allocations and expenses. Results for individual investors may vary based on, among other things, the timing of capital contributions and withdrawals.

An investment in the Fund is speculative and involves a high degree of risk. Past performance is not necessarily indicative of future results. There can be no assurances that the Fund will continue to have a similar return on invested capital because, among other reasons, there may be differences in economic and market conditions, regulatory and political climate, portfolio size, investment opportunities, expenses and structure. Accordingly, when deciding to make an investment, potential investors are urged to review carefully all disclosure documentation, including the Fund's confidential private offering memorandum, and consult with their counsel and advisers.

Nothing herein should be interpreted to represent concentration limits, exit strategies or sector allocation guidelines, all of which are subject to change without notice.

References to the S&P500 and any other benchmark(s) referred to herein are for illustrative purposes only. Any such benchmarks are included merely to show general trends in the markets in the periods indicated and are not intended to imply that the Fund's portfolio is similar to any such benchmarks either in composition or risk. Comparisons to benchmarks have limitations because natural characteristics of such benchmarks, such as volatility, among other things, are likely to differ from those of the Fund. Boothbay does not attempt to track a benchmark and there is no guarantee that the Fund will meet or exceed any such benchmark.