



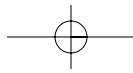
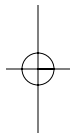
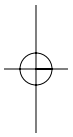
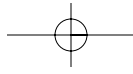
Semi-Annual Report

May 31, 2009

Fund Adviser:

Pekin Singer Strauss Asset Management
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Chicago, IL 60603

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www.appleseedfund.com



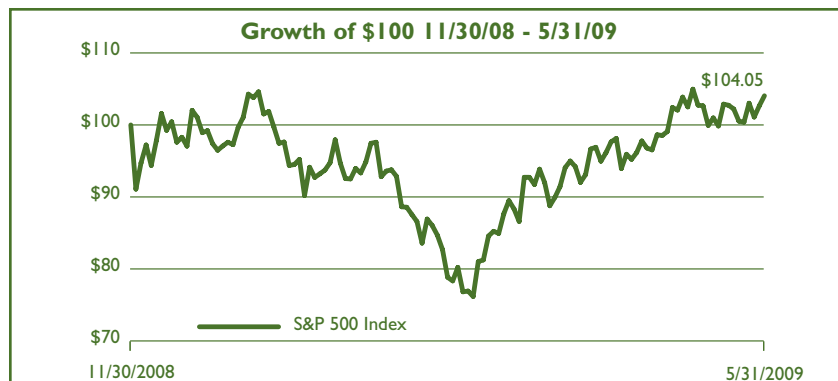


Dear Appleseed Shareholder:

Over the years, the stock market has been a good weather vane for the economy. To expect any stock market strength, however, the credit markets must be healthy and free-flowing. Credit is the economy's lubricant, and without it, businesses cannot conduct business with one another, which is why we believe the stock market faced such considerable headwinds until recently.

Given dysfunctional credit markets, in our opinion, the stock market had nowhere to go but down in 2008 and particularly so in the fourth quarter. The weakness continued into the first two months of 2009 followed, finally, by an enormous 3-month rally that began in March. The current rally, however, likely reflects more the over-sold condition of the stock market than any real substantive improvement in the economy. For our part, we do not expect to see meaningful "green shoots" sprouting on a sustained basis until we are closer to a bottom in housing prices.

Over the past six months, the S&P 500 has increased 4.1% which, on the surface, might sound like a Sunday walk in the park for investors; in fact, it was much closer to a hike down to the bottom of the Grand Canyon and back up again with scorpions and rattlesnakes stinging investors the entire way. Since March, the health of the credit markets has improved measured by the contraction in corporate credit spreads; nevertheless, our financial system remains on life support with our largest banks relying on continuing subsidies, loan guarantees, and near-zero funding costs due to various programs initiated by the Federal Reserve and the U.S. Treasury.





The Federal Reserve Bank began lowering the key Fed Funds rate (the rate at which banks lend to each other) from 5.75% in September of 2007 until it reached virtually 0% in December of 2008, where it remains as of May 31, 2009. Then, beginning last September, recognizing the serious nature of the credit market freeze-up, the Fed began accelerating the growth rate of the money supply. Since then, the money supply has been growing at an annual rate of nearly 20%. And, recently, the Fed announced it would purchase \$1 trillion worth of Treasury bonds and government-backed mortgage securities. With these purchases, the Fed's strategy is to put downward pressure on long-term interest rates, thus stimulating business activity in general and attempting to put a floor under housing prices.

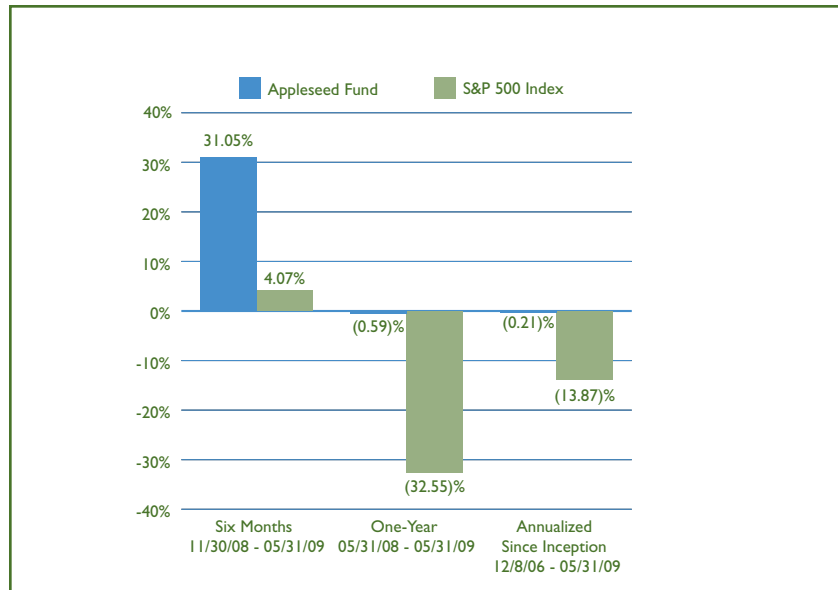
At the same time, due to an increase in government outlays to combat the recession accompanied by a sharp drop in tax receipts, the magnitude of the Treasury's projected borrowings is increasing quickly. Roughly 40% of the Treasury's existing debt of \$11 trillion has to be rolled over this year. In addition, the projected budget deficit, representing the difference between tax receipts and government spending, is estimated to be \$1.85 trillion during FY '09, according to the Congressional Budget Office, or an estimated 13.1% of GDP in 2009.

We expect that the U.S. government's current monetary and fiscal policies will likely stimulate the economy to grow again but, at the same time, could generate a heightened level of inflation. Because expansive monetary and fiscal policies are also being pursued by governments and central banks across the world, we expect inflation to increase globally. To prepare the Appleseed Fund for an inflationary environment, we are focusing our research efforts on finding investments in undervalued, sustainably run companies that can also generate attractive returns during an inflationary period. Our goal is to preserve the value of our shareholders' Appleseed investment on an inflation-adjusted basis and to beat the market over the long-term.

Over the turbulent past 12 months, the Appleseed Fund has outperformed the market by a considerable margin of almost 32% and also has outperformed the market by a margin of more than 13% on an annualized basis since inception. We are pleased to be generating market-beating returns by a large margin. This performance speaks to a strong investment process,



considerable research talent, and a disciplined value investing culture which should help us in our ongoing efforts to generate superior investment returns. Also, unlike many mutual funds, we make absolutely no effort to own a portfolio that mimics a market index, to the great benefit of Appleseed Fund investors since the Fund's inception.



Given the strong performance of the Appleseed Fund relative to its benchmark, we want to caution both new Appleseed shareholders and prospective Appleseed shareholders that we do not expect to outperform the market going forward by similar margins. We believe our investment approach is a sound one that helps to increase the likelihood of long-term outperformance, but our approach could underperform. For example, in periods like 2007 when momentum investing was popular the Appleseed Fund underperformed the market because we were not investing in the technology growth stocks and energy stocks that outperformed during that period.



We are buy-and-hold investors, oriented towards trying to generate attractive long-term investment results. Some of our ideas could take years to eventually work; we are patient investors ourselves, but our own patience sometimes requires that our shareholders be patient, too. For that reason, we hope to attract buy-and-hold oriented investors as shareholders in the Appleseed Fund who recognize that there could be periods in which we could underperform. We also hope to attract investors who purchase shares because they believe we have a sound investment philosophy, a superior research process, and a disciplined investing approach that increases the likelihood of long-term outperformance.

The Fund's strong performance of 31.1% over the past 6 months was driven by a large group of existing holdings in the Appleseed portfolio that generated internal rates of return for the Fund of 25% or more, including Female Health Company (FHC), Invacare (IVC), Schering Plough (SGP), Wellpoint (WLP), Avon Products (AVP), OfficeMax (OMX), Radio One (ROIK), Teradata (TDC), Sealed Air (SEE), and Miller Industries (MLR). In addition, we owned several portfolio companies which generated internal rates of return for the Fund of 100% or more, including ICT Group (ICTG) and Powerwave Technologies (PWAV).

The largest detractors to the Appleseed Fund's six-month performance were large-cap stocks which generated flat returns, such as Johnson & Johnson and Pfizer. In an environment where the level of market volatility is extraordinarily high, we were pleased that no portfolio holdings generated significant losses for the Fund.

We recently initiated positions in the common shares of four companies, including Gaiam (GAIA), Unit Corporation (UNT), PDI Inc. (PDII), and Coca-Cola (KO). Our rationale for purchasing each of these companies is the following:

- Gaiam is a leading producer of wellness media and lifestyle solutions. In addition, through its majority-owned Real Goods Solar subsidiary, Gaiam is a leading installer of solar power systems for the residential markets in California and Colorado. Installing a solar system is an increasingly compelling economic investment and also an attractive environmental



investment, and Real Goods Solar has been an industry leader in this space. We purchased Gaiam shares at a price that was lower than the value of the company's net investment in working capital. At our entry price, we felt that our upside was significant while our downside risk was limited, and thus far we have been gratified by the results. Since our initial purchase, Gaiam's stock price has risen by more than 75% in just a few short months.

- Unit Corporation has spent about \$2.5 billion in growing its asset base, which includes the 4th largest fleet of onshore gas drilling rigs and enviable acreage in some of the most prolific unconventional U.S. natural gas fields. Natural gas is a cleaner burning, more sustainable substitute for oil and is abundantly available in the U.S. and Canada. With a conservative balance sheet and a seasoned management team at its helm, we expect Unit's stock price to strengthen materially when natural gas prices begin to rise again.
- New Jersey-based PDI Inc. provides outsourced sales reps to the pharmaceutical industry. Enormous industry changes in the healthcare sector are forcing pharmaceutical companies to operate their sales forces more efficiently. PDI provides a low-cost, but highly effective, sales force solution for start-up biotech companies as well as large pharmaceutical companies. Last Fall, the company hired a new CEO, Nancy Lurker, who is both experienced and energetic, to turn around the company and generate profitable revenue growth. Importantly, we bought the stock at a price far lower than the value of the cash on the company's balance sheet. As the company's performance improves, we expect investors will value the enterprise at a figure that is greater than \$0, and when that happens the stock could double in value.
- Finally, we bought Coca-Cola recently, which is one of the best managed companies in the world with high returns on invested capital, growing free cash flows, a robust sustainability program, and a leading beverage franchise with strong brand recognition worldwide.

The Fund's portfolio continues to be positioned defensively. We remain overweight healthcare and consumer staples. We also own two portfolio companies which operate directly or indirectly in the energy sector (Gaiam and Unit) that should perform well in an environment of higher than expected



inflation. Our research team is working to find new ideas that represent a compelling investment for Appleseed's shareholders from both a value and sustainability perspective.

We are grateful for your confidence in our ability to navigate a portion of your liquid capital through the present challenging investing environment.

Sincerely,

Ronald Strauss, CFA

Richard Singer, CFA

Adam Strauss, CFA

William Pekin, CFA

Joshua Strauss, CFA

INVESTMENT RESULTS

Investment Results – (Unaudited)

	Total Returns*		Average Annual Returns
	(For the periods ended May 31, 2009)		Since Inception** (December 8, 2006)
	6 Months	One Year	
Appleseed Fund	31.05%	-0.59%	-0.21%
S&P 500***	4.07%	-32.55%	-13.87%

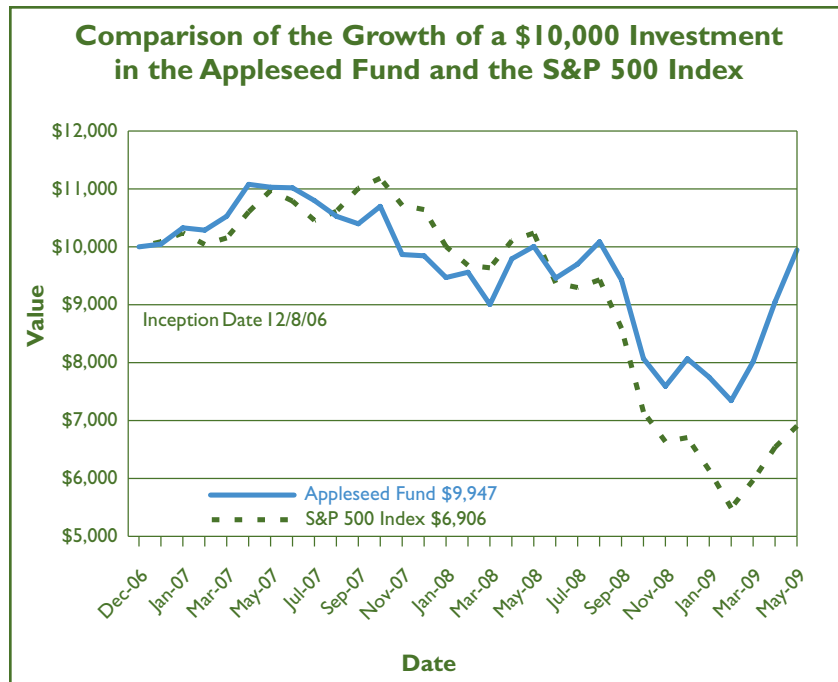
Total annual operating expenses, as disclosed in the Fund's prospectus, were 3.13% of average daily net assets (1.28% after fee waivers/expense reimbursements by the Adviser). The Adviser has contractually agreed to cap certain operating expenses of the Fund through March 31, 2010

The performance quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-470-1029.

- * Return figures reflect any change in price per share and assume the reinvestment of all distributions.
- ** Since inception returns are reported as average annual rates.
- *** The S&P 500® Index is a widely recognized unmanaged index of equity prices and is representative of a broader market and range of securities than is found in the Fund's portfolio. The Index is an unmanaged benchmark that assumes reinvestment of all distributions and excludes the effect of taxes and fees. Individuals cannot invest directly in this Index; however, an individual can invest in exchange traded funds or other investment vehicles that attempt to track the performance of a benchmark index.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company and may be obtained by calling the same number as above. Please read it carefully before investing. The Fund is distributed by Unified Financial Securities, member FINRA.

INVESTMENT RESULTS – continued



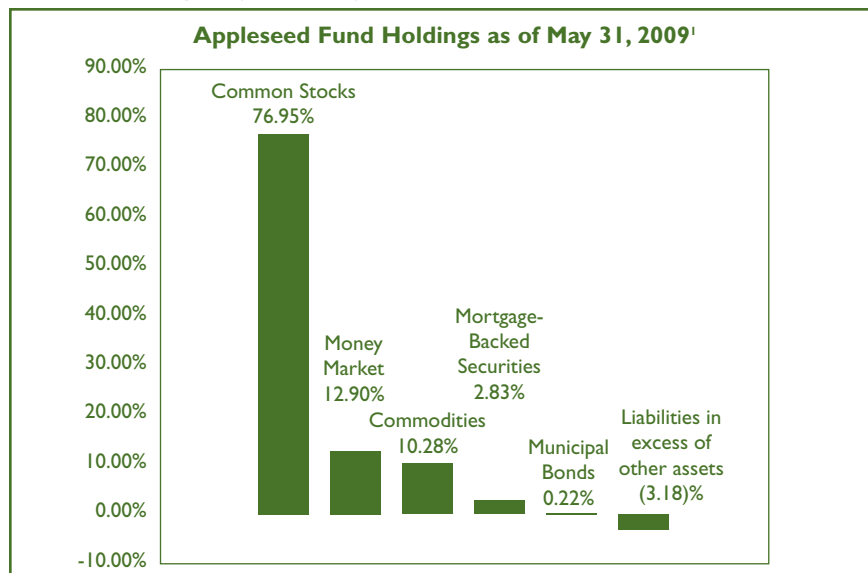
The chart above assumes an initial investment of \$10,000 made on December 8, 2006 (commencement of Fund operations) and held through May 31, 2009. The S&P 500® Index is a widely recognized unmanaged index of equity prices and is representative of a broader market and range of securities than is found in the Fund's portfolio. Individuals cannot invest directly in the Index; however, an individual can invest in exchange traded funds or other investment vehicles that attempt to track the performance of a benchmark index. **THE FUND'S RETURN REPRESENTS PAST PERFORMANCE AND DOES NOT GUARANTEE FUTURE RESULTS.** The returns shown do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Investment returns and principal values will fluctuate so that your shares, when redeemed, may be worth more or less than their original purchase price.

Current performance of the Fund may be lower or higher than the performance quoted. For more information on the Fund, and to obtain performance data current to the most recent month end or to request a prospectus, please call 1-800-470-1029. The Fund's investment objectives, risks, charges and expenses should be considered carefully before investing. The prospectus contains this and other important information about the investment company and should be read carefully before investing.

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FUND HOLDINGS

Fund Holdings – (Unaudited)



¹ As a percent of net assets.

The Appleseed Fund invests primarily in a portfolio of equity securities of companies that are undervalued in the opinion of the Fund's Adviser, Pekin Singer Strauss Asset Management.

Availability of Portfolio Schedule – (Unaudited)

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available at the SEC's website at www.sec.gov. The Fund's Forms N-Q may be reviewed and copied at the Public Reference Room in Washington DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

FUND EXPENSES

Summary of Fund's Expenses – (Unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs (such as short-term redemption fees); and (2) 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.

FUND EXPENSES – continued

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for six months from December 1, 2008 to May 31, 2009.

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 = 8.60), 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 this period.

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 the other funds.

Expenses shown are meant to highlight your ongoing costs only and do not reflect any transactional costs such as the redemption fee imposed on short-term redemptions. The second line of the table below is useful in comparing ongoing costs only and will not help you determine the relative costs of owning different funds. If incurred, the short-term redemption fee imposed by the Fund would increase your expenses.

Appleseed Fund	Beginning Account Value December 1, 2008	Ending Account Value May 31, 2009	Expenses Paid During Period December 1, 2008 to May 31, 2009*
Actual	\$1,000.00	\$1,310.48	\$6.00
Hypothetical (5% return before expenses)	\$1,000.00	\$1,019.74	\$5.24

* Expenses are equal to the Fund’s annualized expense ratio of 1.04%, multiplied by the average account value over the period, multiplied by 182/365 (to reflect the partial year period). Effective April 1, 2009, the Adviser capped the Fund’s expenses at 1.24%. Prior to April 1, 2009, the Fund’s expense cap was 0.90%.

APPLESEED FUND SCHEDULE OF INVESTMENTS

May 31, 2009 (Unaudited)

Common Stocks – 76.95%	Shares	Value
Consumer Discretionary – 4.76%		
Gaiam, Inc. Class A (a)	108,102	\$ 598,885
OfficeMax, Inc.	31,200	257,400
		<u>856,285</u>
Consumer Staples – 19.93%		
Avon Products, Inc.	30,800	818,048
Coca-Cola Company/The	14,200	698,072
John B. Sanfilippo & Son, Inc. (a)	308,748	2,065,524
		<u>3,581,644</u>
Energy – 4.42%		
Unit Corp. (a)	23,700	794,187
Financials – 7.92%		
Annaly Capital Management, Inc. (c)	82,400	1,148,656
Anworth Mortgage Asset Corp. (c)	41,200	274,392
		<u>1,423,048</u>
Health Care – 20.57%		
Female Health Company/The (a)	37,600	147,392
Johnson & Johnson	16,200	893,592
PDI, Inc. (a)	187,059	572,401
Pfizer, Inc.	84,200	1,278,998
Schering-Plough Corp.	33,000	805,200
		<u>3,697,583</u>
Industrials – 5.17%		
ICT Group, Inc. (a)	79,685	703,619
Miller Industries, Inc. (a)	29,320	224,884
		<u>928,503</u>
Information Technology – 11.51%		
Dell, Inc. (a)	22,800	264,024
Nokia Corp (b)	37,300	570,690
Powerwave Technologies, Inc. (a)	201,800	272,430
Teradata Corp. (a)	38,200	825,120
Zebra Technologies Corp. – Class A (a)	6,300	137,529
		<u>2,069,793</u>

See accompanying notes which are an integral part of this financial statement.

APPLESEED FUND SCHEDULE OF INVESTMENTS – continued

May 31, 2009 (Unaudited)

<u>Common Stocks – 76.95%</u> – continued	<u>Shares</u>	<u>Value</u>
Materials – 2.67%		
Sealed Air Corp.	24,000	\$ 480,240
TOTAL COMMON STOCKS		
(Cost \$13,648,800)		<u>13,831,283</u>
Commodities – 10.28%		
iShares COMEX Gold Trust (a) (d)	7,200	693,217
SPDR Gold Trust (a) (d)	12,000	<u>1,154,400</u>
TOTAL COMMODITIES		
(Cost \$1,672,567)		<u>1,847,617</u>
Money Market Securities – 12.90%		
Federated Treasury Obligations Fund – Institutional Shares, 0.14% (e)	2,318,416	<u>2,318,416</u>
TOTAL MONEY MARKET SECURITIES		
(Cost \$2,318,416)		<u>2,318,416</u>

See accompanying notes which are an integral part of this financial statement.

APPLESEED FUND

SCHEDULE OF INVESTMENTS – continued

May 31, 2009 (Unaudited)

	Principal Amount	Value
Municipal Bonds – 0.22%		
Kentucky HSG Corp., 5.286%, 07/01/2009	\$ 40,000	\$ 40,100
TOTAL MUNICIPAL BONDS		
(Cost \$40,005)		<u>40,100</u>
Mortgage-Backed Securities – 2.83%		
FHLMC Pool B31945, 5.50%, 05/01/2037	57,014	58,961
FNMA Pool 944363, 5.50%, 06/01/2022	429,872	<u>449,174</u>
TOTAL MORTGAGE-BACKED SECURITIES		
(Cost \$508,771)		<u>508,135</u>
TOTAL INVESTMENTS		
(Cost \$18,188,559) – 103.18%		<u>\$ 18,545,551</u>
Liabilities in excess of other assets – (3.18)%		<u>(571,689)</u>
TOTAL NET ASSETS – 100.00%		<u><u>\$ 17,973,862</u></u>

- (a) Non-income producing.
- (b) American Depositary Receipt.
- (c) Real Estate Investment Trusts
- (d) Exchange-Traded Funds
- (e) Variable Rate Security; the money market rate shown represents the rate at May 31, 2009.

See accompanying notes which are an integral part of this financial statement.

APPLESEED FUND

STATEMENT OF ASSETS AND LIABILITIES

May 31, 2009 (Unaudited)

Assets	
Investments in securities, at fair value (cost \$18,188,559)	\$18,545,551
Receivable for fund shares sold	159,519
Dividends receivable	25,778
Receivable due from Adviser (a)	20,394
Prepaid expenses	12,541
Tax reclaim receivable	2,705
Interest receivable	2,306
Total assets	<u>18,768,794</u>
Liabilities	
Payable for investments purchased	779,635
Other accrued expenses	6,657
Payable to administrator, fund accountant, and transfer agent	5,714
Payable to trustees and officers	2,523
Payable to custodian	384
Payable for Fund shares purchased	19
Total liabilities	<u>794,932</u>
Net Assets	<u>\$17,973,862</u>
Net Assets consist of:	
Paid in capital	\$17,433,344
Accumulated undistributed net investment income	76,701
Accumulated undistributed net realized gain (loss) from investment transactions	106,825
Net unrealized appreciation (depreciation) on investments	<u>356,992</u>
Net Assets	<u>\$17,973,862</u>
Shares outstanding (unlimited number of shares authorized)	<u>1,865,667</u>
Net Asset Value and offering price per share	<u>\$ 9.63</u>
Redemption price per share (\$9.63 * 98%) (b)	<u>\$ 9.44</u>

(a) See Note 3 in the Notes to the Financial Statements.

(b) The Fund charges a 2.00% redemption fee on shares redeemed within 90 calendar days of purchase. Shares are redeemed at the Net Asset Value if held longer than 90 calendar days.

See accompanying notes which are an integral part of this financial statement.

APPLESEED FUND STATEMENT OF OPERATIONS

For the six months ended May 31, 2009 (Unaudited)

Investment Income	
Dividend income (net of withholding tax \$2,898)	\$ 152,004
Interest income	5,601
Total Investment Income	<u>157,605</u>
 Expenses	
Investment Adviser fee (a)	59,799
Legal expenses	22,488
Transfer agent expenses	21,888
Administration expenses	13,340
Fund accounting expenses	9,974
Auditing expenses	7,786
Printing expenses	6,509
Registration expenses	4,762
Trustee expenses	4,515
Custodian expenses	4,495
CCO expenses	3,583
Pricing expenses	1,919
Miscellaneous expenses	708
Insurance expense	577
24f-2 expense	288
Total Expenses	<u>162,631</u>
Less: Fees waived & expenses reimbursed by Adviser (a)	<u>(100,391)</u>
Net operating expenses	<u>62,240</u>
Net Investment Income (Loss)	<u>95,365</u>
 Realized & Unrealized Gain (Loss) on Investments	
Net realized gain (loss) on investment securities	96,706
Change in unrealized appreciation (depreciation) on investment securities	<u>3,537,149</u>
Net realized and unrealized gain (loss) on investment securities	<u>3,633,855</u>
Net increase (decrease) in net assets resulting from operations	<u><u>\$ 3,729,220</u></u>

(a) See Note 3 in the Notes to the Financial Statements.

See accompanying notes which are an integral part of this financial statement.

APPLESEED FUND

STATEMENTS OF CHANGES IN NET ASSETS

	For the six months ended May 31, 2009 (Unaudited)	Year Ended November 30, 2008
Operations		
Net investment income (loss)	\$ 95,365	\$ 178,667
Net realized gain (loss) on investment securities	96,706	13,879
Change in unrealized appreciation (depreciation) on investment securities	3,537,149	(2,722,432)
Net increase (decrease) in net assets resulting from operations	<u>3,729,220</u>	<u>(2,529,886)</u>
Distributions		
From net investment income	(119,045)	(142,332)
From net realized gains	—	(1,798)
Total distributions	<u>(119,045)</u>	<u>(144,130)</u>
Capital Share Transactions		
Proceeds from Fund shares sold	6,425,876	5,975,991
Proceeds from redemption fees collected (a) ...	4,717	114
Reinvestment of distributions	119,045	136,338
Amount paid for Fund shares repurchased	<u>(1,177,458)</u>	<u>(948,019)</u>
Net increase (decrease) in net assets resulting from capital share transactions	<u>5,372,180</u>	<u>5,164,424</u>
Total Increase (Decrease) in Net Assets	<u>8,982,355</u>	<u>2,490,408</u>
Net Assets		
Beginning of period	<u>8,991,507</u>	<u>6,501,099</u>
End of period	<u>\$17,973,862</u>	<u>\$ 8,991,507</u>
Accumulated undistributed net investment income included in net assets at end of period	\$ 76,701	\$ 100,381
Capital Share Transactions		
Shares sold	789,899	638,074
Shares issued in reinvestment of distributions ..	16,087	14,400
Shares repurchased	<u>(148,679)</u>	<u>(104,073)</u>
Net increase (decrease) from capital share transactions	<u>657,307</u>	<u>548,401</u>

(a) The fund charges a 2% redemption fee on shares redeemed within 90 calendar days of purchase. Shares are redeemed at the Net Asset Value if held longer than 90 calendar days.

See accompanying notes which are an integral part of this financial statement.

APPLESEED FUND FINANCIAL HIGHLIGHTS

(For a share outstanding during each period)

	Six months ended May 31, 2009 (Unaudited)	Year ended November 30, 2008	Period ended November 30, 2007 (a)
Selected Per Share Data:			
Net asset value, beginning of period . .	\$ 7.44	\$ 9.85	\$10.00
Income from investment operations:			
Net investment income (loss) . . .	0.05	0.22(b)	0.12
Net realized and unrealized gain (loss) on investments	<u>2.23</u>	<u>(2.46)</u>	<u>(0.26)</u>
Total from investment operations . . .	<u>2.28</u>	<u>(2.24)</u>	<u>(0.14)</u>
Less Distributions to shareholders:			
From net investment income	(0.09)	(0.17)	(0.02)
From net realized gain	<u>—</u>	<u>—(c)</u>	<u>—</u>
Total distributions	<u>(0.09)</u>	<u>(0.17)</u>	<u>(0.02)</u>
Paid in capital from redemption fees . .	<u>—(d)</u>	<u>—(d)</u>	<u>0.01</u>
Net asset value, end of period	<u>\$ 9.63</u>	<u>\$ 7.44</u>	<u>\$ 9.85</u>
Total Return (e)	31.05%(f)	(23.07)%	(1.33)%(f)
Ratios and Supplemental Data:			
Net assets, end of period (000)	\$17,974	\$8,992	\$6,501
Ratio of expenses to average net assets	1.04%(g)(j)	0.90%	0.90%(g)
Ratio of expenses to average net assets before reimbursement & federal income taxes	2.38%(g)	3.09%	3.52%(g)(h)
Ratio of net investment income (loss) to average net assets	1.59%(g)	2.40%	1.40%(g)
Ratio of net investment income (loss) to average net assets before reimbursement & federal income taxes	0.25%(g)	0.21%	(1.22)%(g)(i)
Portfolio turnover rate	46.61%	127.63%	27.07%

(a) For the period December 8, 2006 (the date the Fund commenced operations) through November 30, 2007.

(b) Net investment income per share is based on average shares outstanding during the period.

(c) Net realized gain distributed amounted to less than \$0.005 per share.

(d) Redemption fees resulted in less than \$0.005 per share.

(e) Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund, assuming reinvestment of dividends.

(f) Not annualized.

(g) Annualized.

(h) The expense ratio before reimbursements includes income taxes of .09% which was voluntarily reimbursed by the Adviser and Fund Administrator.

(i) The net investment income (loss) ratio includes income tax expense of (.09)% which was voluntarily reimbursed by the Adviser and Fund Administrator.

(j) Effective April 1, 2009, the Adviser has contractually agreed to cap the Fund's expenses at 1.24%. Prior to April 1, 2009, the Fund's expense cap was 0.90%.

See accompanying notes which are an integral part of this financial statement.



APPLESEED FUND NOTES TO THE FINANCIAL STATEMENTS

May 31, 2009 (Unaudited)

NOTE 1. ORGANIZATION

The Appleseed Fund (the “Fund”) was organized as a non-diversified series of the Unified Series Trust (the “Trust”) on September 11, 2006. The Trust is an open-end investment company established under the laws of Ohio by an Agreement and Declaration of Trust dated October 17, 2002 (the “Trust Agreement”). The Trust Agreement permits the Board of Trustees of the Trust (the “Board”) to issue an unlimited number of shares of beneficial interest of separate series. The Fund is one of a series of funds currently authorized by the Board. The Fund commenced operations on December 8, 2006. The Fund’s investment adviser is Pekin Singer Strauss Asset Management, Inc. (the “Adviser”). The investment objective of the Fund is to provide long-term capital appreciation.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES



The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.



Securities Valuations – Equity securities are generally valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices more accurately reflect the fair market value of such securities. Securities that are traded on any stock exchange are valued by the pricing service at the last quoted sale price. Lacking a last sale price, an exchange traded security is generally valued by the pricing service at its last bid price. Securities traded in the NASDAQ over-the-counter market are generally valued by the pricing service at the NASDAQ Official Closing Price. When market quotations are not readily available, when the Adviser determines that the market quotation or the price provided by the pricing service does not accurately reflect the current market value or when restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the Adviser, in conformity with guidelines adopted by and subject to review of the Board.

Fixed income securities are generally valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices more accurately reflect the fair market value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. If the Adviser decides that a price provided by the pricing service does not accurately

APPLESEED FUND
NOTES TO THE FINANCIAL STATEMENTS -

continued

May 31, 2009 (Unaudited)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – continued

reflect the fair market value of the securities, when prices are not readily available from a pricing service or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Adviser, in conformity with guidelines adopted by and subject to review of the Board. Short-term investments in fixed income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using the amortized cost method of valuation, which the Board has determined will represent fair value. The ability of issuers of debt securities held by the Fund to meet their obligations may be affected by economic and political developments in a specific country or region.

In accordance with the Trust's good faith pricing guidelines, the Adviser is required to consider all appropriate factors relevant to the value of securities for which it has determined other pricing sources are not available or reliable as described above. No single standard exists for determining fair value, since fair value depends upon the circumstances of each individual case. As a general principle, the current fair value of an issue of securities being valued by the Adviser would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. Methods which are in accord with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market of a similar freely traded security (including a derivative security or a basket of securities traded on other markets, exchanges or among dealers); or (iii) yield to maturity with respect to debt issues, or a combination of these and other methods.

Good faith pricing is permitted if, in the Adviser's opinion, the validity of market quotations appears to be questionable based on factors such as evidence of a thin market in the security based on a small number of quotations, a significant event occurs after the close of a market but before a Fund's net asset value ("NAV") calculation that may affect a security's value, or the Adviser is aware of any other data that calls into question the reliability of market quotations. Investments in foreign securities, junk bonds or other thinly traded securities are more likely to trigger fair valuation than other securities.

APPLESEED FUND
NOTES TO THE FINANCIAL STATEMENTS -

continued

May 31, 2009 (Unaudited)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – continued

Federal Income Taxes – It is the policy of the Fund to qualify as a regulated investment company by complying with the provisions available to certain investment companies, as defined in subchapter M of the Internal Revenue Code of 1986, as amended and to make distributions of net investment income and net realized capital gains sufficient to relieve it from all, or substantially all, federal income taxes. If the required amount of net investment income is not distributed, the Fund could incur a tax expense.

In accordance with Financial Accounting Standards Board (“FASB”) Interpretation No. 48 (“FIN 48”), as of and during the six months ended May 31, 2009, the Fund did not have a liability for any unrecognized tax benefits. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statements of operations. During the six months ended May 31, 2009, the Fund did not incur any interest or penalties related to income tax expense. The Fund is not subject to examination by U.S. federal tax authorities for tax years prior to 2006.

Expenses – Expenses incurred by the Trust that do not relate to a specific fund of the Trust are allocated to the individual funds based on each fund’s relative net assets or another appropriate basis (as determined by the Board).

Security Transactions and Related Income – The Fund follows industry practice and records security transactions on the trade date. The specific identification method is used for determining gains or losses for financial statements and income tax purposes. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are amortized or accreted using the effective interest method. Withholding taxes on foreign dividends have been provided for in accordance with the Fund’s understanding of the applicable country’s tax rules and rates.

Dividends and Distributions – The Fund intends to distribute substantially all of its net investment income as dividends to its shareholders on at least an annual basis. The Fund intends to distribute its net realized long-term capital gains and its net realized short-term capital gains at least once a year. Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The treatment for financial reporting purposes of distributions made to

APPLESEED FUND
NOTES TO THE FINANCIAL STATEMENTS -

continued

May 31, 2009 (Unaudited)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – continued

shareholders during the year from net investment income or net realized capital gains may differ from their ultimate treatment for federal income tax purposes. These differences are caused primarily by differences in the timing of the recognition of certain components of income, expense or realized capital gain for federal income tax purposes. Where such differences are permanent in nature, they are reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations or net asset values per share of the Fund.

Fair Value Measurements – In accordance with Financial Accounting Standards No. 157, Fair Value Measurements (“FAS 157”), fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. FAS 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

Various inputs are used in determining 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 securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund’s own assumptions in determining fair value of investments)

APPLESEED FUND NOTES TO THE FINANCIAL STATEMENTS -

continued

May 31, 2009 (Unaudited)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – continued

The Fund values its common stocks, real estate investment trusts, investments in money market funds, and exchange-traded funds at the closing price established by the market exchange on which they trade. Money market securities are valued at amortized cost. The Fund's mortgage backed securities and municipal bonds are valued by a pricing service using an evaluated price method established by the pricing service. To date, the Advisor has not had to provide any fair value pricing for any securities held by the Fund (Level 3 Securities). For additional information on the Fund's security valuation policies, refer to the Securities Valuations section of this Note.

The following is a summary of the inputs used to value the Fund's assets as of May 31, 2009:

Valuation Inputs	Investments in Securities	Other Financial Instruments (i.e., off-balance sheet items)*
Level 1 – Quoted Prices in Active Markets	\$17,997,316	\$ –
Level 2 – Other Significant Observable Inputs	\$ 548,235	\$ –
Level 3 – Significant Unobservable Inputs	\$ –	\$ –
Total	\$18,545,551	\$ –

* Other financial instruments include futures, forwards, and swap contracts.

FAS 157 requires a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value. The Fund did not hold any assets at any time during the reporting period in which significant unobservable inputs were used in determining fair value; therefore, no reconciliation is included for this reporting period.

Derivative Instruments and Hedging Activities – Effective December 1, 2008, the Fund adopted the provisions of the Statement on Financial Accounting Standards (“SFAS”) No. 161 “Disclosures about Derivative Instruments and Hedging Activities.” SFAS No. 161 requires enhanced disclosures about the Fund's derivative and hedging activities, including for how such activities are

APPLESEED FUND
NOTES TO THE FINANCIAL STATEMENTS -

continued

May 31, 2009 (Unaudited)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – continued

accounted and their effect on the Fund's financial position, performance, and cash flows (in tabular format). SFAS No. 161 also requires the Fund to disclose the purpose and objective of each type of derivative instrument the strategies for achieving those objectives, how the Fund manages the related risks, and the volume of derivative activity.

As of and during the six months ended May 31, 2009, the Fund did not engage in any derivative or hedging activities. Accordingly, no discussion or tabular presentation of such activities is included for this reporting period.

NOTE 3. FEES AND OTHER TRANSACTIONS WITH AFFILIATES

The Adviser of the Fund, under the terms of the management agreement (the "Agreement"), manages the Fund's investments subject to approval of the Board. As compensation for its management services, the Fund is obligated to pay the Adviser a fee computed and accrued daily and paid monthly at an annual rate of 1.00% of the average daily net assets of the Fund. For the six months ended May 31, 2009, the Adviser earned a fee of \$59,799 from the Fund before waiving fees, as described below.

The Adviser has contractually agreed through March 31, 2010 to waive all or a portion of its management fees and/or reimburse the Fund for certain fees and expenses, but only to the extent necessary to maintain the Fund's net operating expenses, excluding brokerage fees and commissions, borrowing costs (such as interest and dividends on securities sold short), 12b-1 fees, taxes and extraordinary litigation expenses and any indirect expenses (such as expense incurred by other investment companies in which the Fund may invest) at 1.24% of the Fund's average daily net assets. Prior to April 1, 2009, the Adviser had contractually agreed to waive its management fee and/or reimburse expenses so that total annual fund operating expenses, excluding brokerage fees and commissions, borrowing costs (such as interest and dividend expenses on securities sold short), taxes and extraordinary expenses, did not exceed 0.90% of the Fund's average daily net assets. For the six months ended May 31, 2009, the Adviser waived fees and reimbursed expenses of \$100,391. At May 31, 2009, the Adviser owed the Fund \$20,394.

APPLESEED FUND
NOTES TO THE FINANCIAL STATEMENTS -

continued

May 31, 2009 (Unaudited)

**NOTE 3. FEES AND OTHER TRANSACTIONS
WITH AFFILIATES – continued**

The waiver and/or reimbursement by the Adviser with respect to the Fund is subject to repayment by the Fund within the three fiscal years following the fiscal year in which that particular waiver and/or reimbursement occurred, provided that the Fund is able to make the repayment without exceeding the applicable expense limitation described above. Fees waived during the six months ended May 31, 2009 totaling \$100,391 may be subject to potential recoupment by the Adviser through November 30, 2012. The amounts subject to repayment by the Fund, pursuant to the aforementioned conditions, at November 30, 2008, are as follows:

<u>Amount</u>	<u>Subject to Repayment Until November 30,</u>
\$129,303	2010
\$163,135	2011

The Trust retains Unified Fund Services, Inc. (“Unified”) to manage the Fund’s business affairs and provide the Fund with administrative services, including all regulatory reporting and necessary office equipment and personnel. For the six months ended May 31, 2009, Unified earned fees of \$13,340 for administrative services provided to the Fund. At May 31, 2009 the Fund owed Unified \$2,424 for administrative services. Certain officers of the Trust are members of management and/or employees of Unified. Unified is a wholly-owned subsidiary of Huntington Bancshares, Inc., the parent company of the principal Distributor of the Fund and Huntington National Bank, the custodian of the Fund’s investments (the “Custodian”). A Trustee of the Trust is a member of management of the Custodian. For the six months ended May 31, 2009, the Custodian earned fees of \$4,495 for custody services provided to the Fund. At May 31, 2009, the Fund owed the Custodian \$384.

The Trust retains Unified to act as the Fund’s transfer agent and to provide fund accounting services. For the six months ended May 31, 2009, Unified earned fees of \$9,873 from the Fund for transfer agent services provided to the Fund and \$12,015 in reimbursement for out-of-pocket expenses incurred in providing transfer agent services to the Fund. For the six months ended May 31, 2009, Unified earned fees of \$9,974 from the Fund for fund accounting services provided to the Fund. At May 31, 2009 the Fund owed Unified \$1,621 for transfer agent services, \$29 in reimbursement of out-of-pocket expenses and \$1,640 for fund accounting services.

APPLESEED FUND
NOTES TO THE FINANCIAL STATEMENTS -

continued

May 31, 2009 (Unaudited)

**NOTE 3. FEES AND OTHER TRANSACTIONS
WITH AFFILIATES – continued**

The Fund has adopted a Distribution Plan (the “Plan”) pursuant to Rule 12b-1 under the Investment Company Act of 1940, which is currently inactive. The Plan provides that the Fund will pay the Adviser and/or any registered securities dealer, financial institution or any other person (the “Recipient”) a shareholder servicing fee of 0.25% of the average daily net assets of the class in connection with the promotion and distribution of the Fund’s shares or the provision of personal services to shareholders, including, but not necessarily limited to, advertising, compensation to underwriters, dealers and selling personnel, the printing and mailing of prospectuses to other than current Fund shareholders, the printing and mailing of sales literature and servicing shareholder accounts (“12b-1 Expenses”). The Fund or Adviser may pay all or a portion of these fees to any Recipient who renders assistance in distributing or promoting the sale of shares, or who provides certain shareholder services, pursuant to a written agreement. The Plan is a compensation plan, which means that compensation is provided regardless of 12b-1 Expenses actually incurred. It is anticipated that the Plan will benefit shareholders because an effective sales program typically is necessary in order for the Fund to reach and maintain a sufficient size to achieve efficiently its investment objectives and to realize economies of scale. The Fund does not currently intend to activate the Plan prior to March 31, 2010.

The Fund retains Unified Financial Securities, Inc. (the “Distributor”) to act as the principal distributor of the Fund’s shares. There were no payments made by the Fund to the Distributor during the six months ended May 31, 2009. A Trustee of the Trust is a member of management of Huntington National Bank, a subsidiary of Huntington Bancshares, Inc. (the parent of the Distributor), and an officer of the Trust is an officer of the Distributor; such persons may be deemed to be affiliates of the Distributor.

NOTE 4. INVESTMENT TRANSACTIONS

For the six months ended May 31, 2009, purchases and sales of investment securities, other than short-term investments and short-term U.S. government obligations, were as follows:

APPLESEED FUND

NOTES TO THE FINANCIAL STATEMENTS -

continued

May 31, 2009 (Unaudited)

NOTE 4. INVESTMENT TRANSACTIONS – continued

Purchases	Amount
U.S. Government Obligations	\$ 384,224
Other	9,053,775
Sales	
U.S. Government Obligations	\$ 16,634
Other	5,237,190

At May 31, 2009, the net unrealized depreciation of investments for tax purposes was as follows:

Gross Appreciation	\$ 1,976,669
Gross (Depreciation)	<u>(1,619,677)</u>
Net Appreciation on Investments	<u>\$ 356,992</u>

At May 31, 2009, the aggregate cost of securities for federal income tax purposes was \$18,188,559.

NOTE 5. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

NOTE 6. BENEFICIAL OWNERSHIP

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund (or class) creates a presumption of control of the fund (or class), under Section 2(a)(9) of the Investment Company Act of 1940. At May 31, 2009, Pershing LLC owned, for the benefit of its customers, 73.61% of the Fund. As a result, Pershing LLC may be deemed to control the Fund.


APPLESEED FUND
NOTES TO THE FINANCIAL STATEMENTS -

continued

May 31, 2009 (Unaudited)

NOTE 7. DISTRIBUTIONS TO SHAREHOLDERS

On December 22, 2008, the Fund paid an income distribution of \$0.0922 per share to shareholders of record on December 19, 2008.

The tax characterization of distributions for the fiscal period ended November 30, 2007 and the fiscal year ended November 30, 2008 are as follows:

Distributions paid from:	<u>2008</u>	<u>2007</u>
Ordinary Income	\$ 142,332	\$ 2,445
Short-Term Capital Gain	1,798	—
Long-Term Capital Gain	<u>—</u>	<u>—</u>
	<u>\$ 144,130</u>	<u>\$ 2,445</u>

At November 30, 2008, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

Undistributed ordinary income	\$ 147,804
Undistributed long-term capital gain	9,658
Unrealized appreciation (depreciation)	<u>(3,227,120)</u>
	<u><u>\$(3,069,658)</u></u>

At November 30, 2008, the difference between book basis and tax basis unrealized (depreciation) is attributable to the tax deferral of losses on wash sales in the amount of \$46,962.

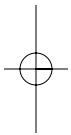


OTHER INFORMATION

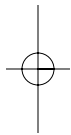
The Fund's Statement of Additional Information ("SAI") includes additional information about the trustees and is available without charge, upon request. You may call toll-free at (800) 470-1029 to request a copy of the SAI or to make shareholder inquiries.

Management Agreement Renewal

The continuation of the Management Agreement (the "Agreement") between the Trust and Pekin Singer Strauss Asset Management, Inc. (the "Adviser") on behalf of the Appleseed Fund (the "Fund") was considered by the Board of Trustees, including a majority of Trustees who are not interested persons of the Trust or interested parties to the Agreement (collectively, the "Independent Trustees" and each an "Independent Trustee") at in-person meetings held on February 8, 2009 and February 9, 2009.



The Chairman of the Board advised the Board that on January 29, 2009 the Adviser Contract Renewal Committee (the "Committee") of the Board had convened via teleconference to consider whether to recommend that the full Board renew the Agreement between the Trust and the Adviser on behalf of the Fund. He stated that all Trustees were present at the meeting.



The Chairman noted that all participants acknowledged receiving and reviewing the 15(c) materials compiled by the Trust's Administrator and provided in advance of the meeting. He also noted that no changes had been proposed to the Fund's Agreement. He noted that the Adviser had agreed to cap Fund expenses in the next fiscal year at 1.24%. The Chairman indicated that the materials specifically provided to the Committee included the following information: (i) an executed copy of the Agreement and a proposed expense cap side letter; (ii) a letter sent by the Administrator on behalf of the Board of Trustees to the Adviser requesting information that the Trustees likely would consider in renewing the management agreements as required under Section 15(c) of the Investment Company Act of 1940; and the Adviser's response to such letter, containing among other information, a description of the Adviser's services to the Fund, its profitability from managing the Fund and ideas for future growth for the Fund, (iii) a certification from the Adviser that it had adopted a compliance program that is reasonably designed to prevent violation of federal securities laws by the Fund, (iv) the Adviser's Form ADV Parts I and II and accompanying schedules, (v) the Adviser's December 31, 2008 balance sheet and income statement for the period January 1, 2008 to December 31, 2008, (vi) reports provided by the Administrator regarding the Fund's performance for the past three-month and 1-year periods and comparisons of the same to the Fund's benchmark(s) and peer group for the

OTHER INFORMATION – continued

same periods, and (vii) reports provided by the Administrator comparing the Fund's advisory fee and total expenses (after fee waivers and reimbursements) to the Fund's peer group as determined by the Administrator.

The Chairman noted that after discussing the materials, the Committee contacted representatives of the Adviser, including the president of the Adviser and portfolio manager for the Fund, the senior vice president of the Adviser and portfolio manager for the Fund, and the Adviser's chief compliance officer and interviewed them.

The Committee members noted that they had received and evaluated such information as they deemed necessary to make their decision. They also noted they had taken into account a number of factors that they believed, in light of the legal advice provided by legal counsel to the Trust and legal counsel to the independent trustees, and their own business judgment, to be relevant. They noted this included information regarding the Adviser that had been provided to the Board throughout the year at regular meetings of the Board, as well as information that was specifically furnished to the Committee in connection with its review of the Fund's Agreement. As a result, the Committee summarized its review as follows:

(i) The Nature, Extent and Quality of Services – The Committee noted that the Adviser manages approximately \$579 million in assets, of which the Fund represented approximately \$10.5 million in assets, as of December 31, 2008. The Committee reviewed the responses from the Adviser as to the resources provided to the Fund, and considered the adequacy of such resources in light of the desired growth in the levels of Fund assets, and whether the resources are sufficient to sustain good performance, compliance and other needs. The Committee determined that the Adviser's resources appear adequate, and specifically noted that the Adviser provides two portfolio managers to manage the Fund, each of whom appears to have adequate experience to manage the Fund. The Committee also noted that the Adviser also provides the support of various investment and administrative staff, including its compliance officer and three investment professionals who provide research assistance to the Fund. The Committee noted that the Adviser was not proposing any changes to the level of services provided to the Fund.

The Committee noted that the Adviser had revised its compliance manual to bolster its IRS diversification testing. The Committee also noted that the Trust's Chief Compliance Officer had reviewed the Adviser's compliance policies and procedures as revised, and had determined that they appeared reasonably designed to prevent violation of federal securities laws.

OTHER INFORMATION – continued

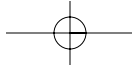
(ii) Fund Performance – The Committee discussed the Fund’s performance and reviewed other materials provided by the Adviser and the Administrator with respect to such performance. The Committee noted that the Administrator reported that for the year to date, three-months and one-year periods ended December 31, 2008, the Fund had outperformed all other funds in its peer group as reported by the Administrator. They also noted that the Fund had outperformed its benchmarks, the Morningstar Mid Cap and S&P 500 indices, for the past three and twelve-month periods. They further noted that the Fund had received positive press coverage for its excellent performance in the “socially responsible investing” fund category.

(iii) Fee Rates and Profitability – The Committee noted that, although the Adviser’s 1.00% fee was higher than its peer group average, the Adviser had been capping total operating expenses at 0.90%, which agreement would expire by its terms on March 31, 2009. The Adviser confirmed that it would agree to cap certain operating expenses of the Fund at 1.24% effective April 1, 2009 through March 31, 2010. The Committee noted that the new expense cap was lower than the average expense ratio of the Fund’s peer group. The Adviser reported that the Agreement had not been profitable since the Fund’s inception in December 2006.

The Committee noted that the Adviser directed Fund brokerage to Pershing in return for Baseline and other research services pursuant to soft dollar arrangements. They further noted that the Adviser reported that the average price per share commission rate paid by the Fund was \$0.02 and that the percentage of total Fund commissions paid to brokers with whom the Adviser has soft dollar arrangements is lower than the percentage paid by the Adviser’s other clients. The Committee noted that Adviser does not receive any 12b-1 fees from the Fund.

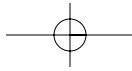
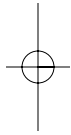
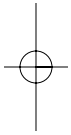
(iv) Economies of Scale – In determining the reasonableness of the advisory fees, the Committee also considered whether economies of scale will be realized as the Fund grows larger, and the extent to which this is reflected in the advisory fees. It noted that the Fund had been operating for less than 18 months, facing difficult market conditions, and that it did not appear that the Adviser has begun to realize any significant economies of scale from managing the Fund.

The Committee reviewed the foregoing with the Board, indicating that its members had determined that the Fund’s advisory fee was reasonable and that its members were unanimously recommending that the Board approve the continuation of the Agreement. Having requested and evaluated



OTHER INFORMATION – continued

information which the Board deemed necessary to evaluate the terms of the Agreement between the Trust and the Adviser, on behalf of the Fund, the Board of Trustees determined, for the reasons set forth above, that the Agreement is fair and in the best interests of the Fund and the shareholders. Accordingly, the Trustees of the Trust (including each Trustee who is not an “interested person” of the Trust, as defined in the Investment Company Act of 1940) unanimously approved continuation of the Agreement for an additional year.





Proxy Voting

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted those proxies during the most recent twelve month period ended June 30 are available without charge upon request by: (1) calling the Fund at (800) 470-1029 and (2) from Fund documents filed with the Securities and Exchange Commission ("SEC") on the SEC's website at www.sec.gov.

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Stephen A. Little
Daniel J. Condon
Ronald C. Tritschler
Nancy V. Kelly
Kenneth G.Y. Grant

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Anthony J. Ghoston, President
John C. Swhear, Senior Vice President
Christopher E. Kashmerick, Treasurer
Lynn E. Wood, Chief Compliance Officer
Heather Bonds, Secretary
William J. Murphy, Assistant Treasurer
Tara Pierson, Assistant Secretary

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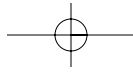
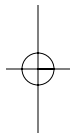
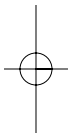
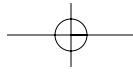
ADMINISTRATOR, TRANSFER AGENT AND FUND ACCOUNTANT

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