



Semi-Annual Report

March 31, 2010

Fund Adviser:

Pekin Singer Strauss Asset Management
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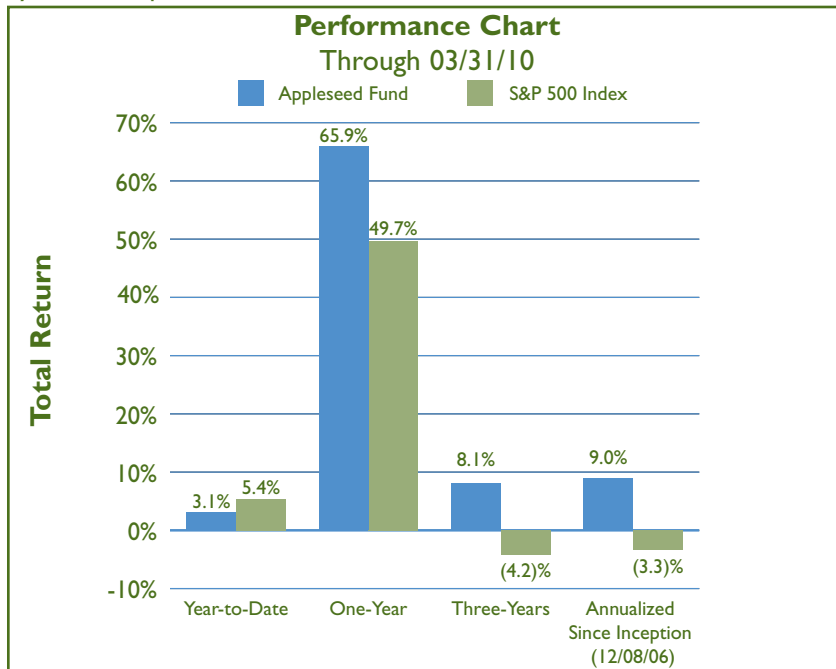




April 15, 2010

Dear Appleseed Shareholder:

The Bull Market that began 13 months ago continued into the first quarter of 2010, defying bearish skepticism. The S&P 500, the benchmark against which we measure the Appleseed Fund's performance, increased by 11.8% over the past six months. During that same period, the Fund generated a total return of 12.4%, slightly exceeding the return of the S&P 500 Index. Since the Fund's inception in 2006, the Appleseed Fund has outperformed the S&P 500 Index by over 12% per annum.



The gross expense ratio of the Fund is 2.09%, and the net expense ratio after contractual fee waivers is 1.31%. The advisor has contracted with the Fund to waive fees to maintain a 1.24% expense ratio for shareholders of the Fund (excluding indirect expenses) through January 2011.

The Fund's past performance does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance 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.



Over the past six months, the strongest contributors to the Appleseed Fund's performance were **PDI Inc. (PDII)** and **ICT Group (ICTG)**, both of which generated an internal rate of return for the Fund of over 70%. PDI, a sales and marketing company serving the pharmaceutical industry, landed several new accounts during Q4 2009. With over \$5 per share in cash and dramatically improving fundamentals, the company remains undervalued at current prices, in our opinion. ICT Group, a call center provider, was acquired by Sykes Enterprises at a 154% premium to the Fund's average cost basis. Since the acquisition was announced, we have liquidated the Fund's holdings of ICT Group.

Other contributors to Appleseed's strong performance during the past six months included **John B. Sanfilippo (JBSS)**, **PetSmart (PETM)**, and **Gaiam (GAIA)** each generating an internal rate of return of greater than 20%. All of these companies benefited from improved sales trends, strong cash flow, and increases in intrinsic value.

We have been busy making adjustments to the portfolio during the past six months. In addition to selling ICT Group, we sold the Fund's holdings in **OfficeMax (OMX)** and **Zebra Technologies (ZBRA)** since their stock prices appreciated to our intrinsic value estimate. We also sold **Powerwave (PWAV)** for the purpose of realizing a tax loss. New additions to the Appleseed Fund include **Willis Group (WSH)**, **Pico Holdings (PICO)**, and **K-Sea Transportation (KSP)**. A year ago, we were overweight small cap stocks due to the fact that we were finding small cap companies that were priced at liquidation value or below. Small cap companies have rallied significantly during the past year, and today we are finding better values in large cap stocks which have not appreciated to the same extent as the market. As a result, we have added **Pfizer (PFE)**, **Nokia (NOK)**, and **Dell (DELL)** to the Appleseed Fund's holdings.

The irony of the market's continued buoyancy is that it persists in the face of an economy that, while no longer declining, is anything but strong. Although Gross Domestic Product increased at an annual rate of 5.1% in the closing quarter of 2009, the strength reflected, in part, easy comparisons against the year ago period and the impact of the Federal Government's stimulus program kicking-in. The weaker U.S. dollar was a contributor, too, which reduced import competition and stimulated exports. Inventory liquidations continued, but at a much diminished pace.



Perhaps the most important driver behind the improved economy was the collective sigh of relief made by most everyone as the financial collapse of 2008 and early 2009 became a distant memory. As a result spending patterns, driven partially by pent-up demand, have improved compared to a year ago when the economy was still in decline.

For investors, it is not simply the strengthening economy that has lifted stocks; higher profit levels have buoyed stocks as well. Bottom-line profits have benefitted substantially from the elimination of excess and inefficient capacity, as many weaker and more highly leveraged operators shuttered their facilities in the past 12-18 months. Also, highly indebted companies have managed to refinance their debt; as a result, their stocks have been especially strong in the market's recovery.

Notwithstanding the turnaround of business activity, we believe there are reasons to think the economic recovery could remain relatively tepid over the intermediate period ahead.

- The housing market remains on life-support, showing only sporadic signs of providing impetus to the economy. Weakness in the housing market persists in the face of numerous government efforts to counter it.
- Surveys of consumer confidence show that consumer sentiment, while off the bottom, is far from robust. Many consumers, still reeling from the recession, continue to focus their cash flow on boosting their savings or paying down debt to strengthen their financial condition. Those not doing so may likely be in the ranks of the unemployed (still near 10% of the labor force) or the under-employed (another 7%).
- Government debt burdens, seemingly everywhere—state, local, national, foreign—are stretched, many at or close to their limits, thus restricting their ability to do much to stimulate the economy.
- Nonresidential business investment typically lags business cycle upswings and, while there has been an increase of investment outlays (from depressed levels), it has been modest to date. Moreover, given the current low level of capacity utilization, it seems unrealistic to expect significant, sustained impetus from business investment over the intermediate period ahead.



To combat deflation, policymakers continue with their strategy of reflating (read: strengthening) the economy. Interest rates remain at historic lows, and there is no shortage of stimulus efforts on the part of the Administration to boost business activity. Whether this strategy is appropriate remains to be seen. Believing the economic turnaround is fragile and that a **double-dip recession** is quite possible, many feel Washington policymakers have not done enough to reflate and urge that still more be done.

Others, fearing **excessive inflation** resulting from the Federal Government's deficit spending and cheap money policies, characterize these policy efforts as too aggressive. On the surface, the latest inflation numbers are not especially concerning; the Consumer Price Index (CPI) increased 2.1% in February (year-over-year). However, a closer look at the CPI is eye-opening. Excluding the "shelter" component of the CPI, the increase of the CPI was a surprising 4.1%. With this in mind, it seems reasonable to conclude that when housing prices stabilize, the overall CPI could register increases significantly higher than the current, relatively benign 2.1%. Of more immediate concern is the fact that the "commodities" portion of the CPI, excluding food and energy, increased 7.5% year-over-year—and up 4.5% including food and energy. Clearly, then, those worrying that the government's flooding the economy with cash and credit could result in accelerating inflation, may now be seeing some validation of their concerns.

There is a third concern—that the U.S. faces both slow growth and accelerating inflation, perhaps similar to the **stagflation** of the 1970s. While less than ideal, of these three concerns (recession, inflation and stagflation), it seems to us that this is the path that we are most likely headed down. Economists, very smart and dedicated to fully understanding our complex economy, disagree on where we are headed. We have said this before, and we continue to believe it, the U.S. economy and a large part of the rest of the world as well are in uncharted territory.

Given the backdrop of an extraordinary degree of macro-economic uncertainty, our investment strategy remains the same: defend the integrity of the capital you have entrusted with us against the possible negative consequences of these three economic possibilities.



Because the economic recovery may be fragile and growth likely modest, in our opinion, our portfolio remains defensive. This approach is an important part of our thinking behind our holdings in both the health care sector (more below) and the consumer staples sector. In light of our concerns about the possibility of higher rates of inflation over the next couple of years, a key part of our investment thinking relates to each company's ability to prosper in an environment of accelerating costs. Finally, we continue to hold gold bullion trusts, which should hedge the Appleseed portfolio against systemic risks and increase in value in an inflationary economy.

Never in our investing careers have we spent as much time and energy trying to understand the macro-economic environment. Prior to the recent financial crisis, we focused largely on two things—analyzing the fundamentals of the businesses we invested in and ascertaining their intrinsic value (as opposed to their market prices). While certainly not neglecting the latter, in the past couple of years we have been forced by events (and policymakers' response to them) to increase our focus on the overall investing environment. On this score, we intend to remain vigilant until such time as the macro picture becomes less volatile.

We have become increasingly concerned that the Federal government seems reluctant to enact meaningful financial reform, to criminally prosecute fraudulent behavior in the financial sector, or to force the Federal Reserve to improve the transparency of its reporting. For these reasons, our distrust remains high as long-term systemic risks remain unaddressed, and we do not own any of the too-big-to-fail banks.

From time to time, as investors, we go through periods when it seems we are out of sync with the momentum of the market. One such time was the 1998-1999 highly speculative tech/dot.com period, when those stocks increased significantly, seemingly every day while conservative investors, such as ourselves, declined to participate. As you know, that investing era ended badly for most investors who chased those overvalued stocks once the bubble burst in 2000-2002.



We mention this, because, from its March 6, 2009 low, the market has now appreciated about 75%—without a material pull-back. And today's stock market is a bit reminiscent of that stock market of the late 1990s, except without the significant trading volume of that period. The market's strength in the past year or so has been, in part, underpinned by the low interest rate policy of the Federal Reserve. This policy makes it unattractive for owners of liquid capital to invest in money market funds that yield virtually nothing. Similarly, while the yields for bonds and CDs are higher, they are still quite low and the capital is tied up for fixed periods.

Our view is that low interest rates per se are an insufficient lure for our shareholders' capital. Put simply, to commit capital to equities we need companies that have what we believe to be strong balance sheets, positive cash flows, responsible managements and solid, sustainable business models. Most importantly, we require a valuation that is low in relation to the intrinsic value of the company. Given the strength of the market, attractive risk/reward opportunities in the equities market are markedly fewer today than a year ago. While still putting capital to work, we have become unusually selective, particularly in light of our concerns about the macro-economic environment.



We remain grateful for your continued confidence in our ability to be the steward of your capital and remain committed to justify your confidence.

Sincerely,

Ronald Strauss, CFA

Richard Singer, CFA

Adam Strauss, CFA

William Pekin, CFA

Joshua Strauss, CFA

At the end of the Fund's reporting period on March 31, 2010, John B. Sanfilippo (JBSS) represented 5.1%, Gaia (GAIA) represented 2.0%, PDI Inc. (PDII) represented 3.0%, Female Health Company (FHCO) represented 0.2%, K-Sea Transportation (KSP) represented 4.7%, Insteel (IIN) represented 2.0%, Pico Holdings (PICO) represented 2.8%, Albany Molecular Research (AMRI) represented 1.6%, Alliance Bernstein (AB) represented 1.2%, Willis Group Holdings (WSH) represented 4.8%, Pfizer (PFE) represented 11.2%, Nokia (NOK) represented 5.0%, Dell (DELL) represented 4.3%, and PetSmart (PETM) represented 3.0% of the portfolio, respectively.

Small-Cap investing involves greater risk not associated with investing in more established companies, such as greater price volatility, business risk, less liquidity and increased competitive threat.

The S&P 500 Index is a widely recognized unmanaged index of equity prices and are representative of a broader market and range of securities than is found in the Fund's portfolio. The Index returns do not reflect the deduction of expenses, which have been deducted from the Fund's returns. The Index return assumes reinvestment of all distributions and does not reflect the deduction of taxes and fees. 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.

You should carefully consider the investment objectives, potential risks, management fees, and charges and expenses of the Fund before investing. The Fund's prospectus contains this and other information about the Fund, and should be read carefully before investing. You may obtain a current copy of the Fund's prospectus by calling 1-800-470-1029.

Distributed by Unified Financial Securities, Inc., 2960 North Meridian Street, Suite 300, Indianapolis, IN 46208 (Member FINRA).

INVESTMENT RESULTS

Investment Results – (Unaudited)

| | Total Returns* | | | |
|----------------|--|-----------------|-------------------------------|---|
| | (For the periods ended March 31, 2010) | | | |
| | 6 Months | One Year | Average Annual Returns | |
| | | | Three Years | Since Inception** (December 8, 2006) |
| Appleseed Fund | 12.35% | 65.92% | 8.10% | 8.98% |
| S&P 500*** | 11.75% | 49.72% | -4.16% | -3.33% |

Total annual operating expenses, as disclosed in the Fund's prospectus dated January 29, 2010, were 2.09% of average daily net assets (1.31% after fee waivers/expense reimbursements by the Adviser). The Adviser has contractually agreed to cap certain operating expenses of the Fund through January 31, 2011.

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.

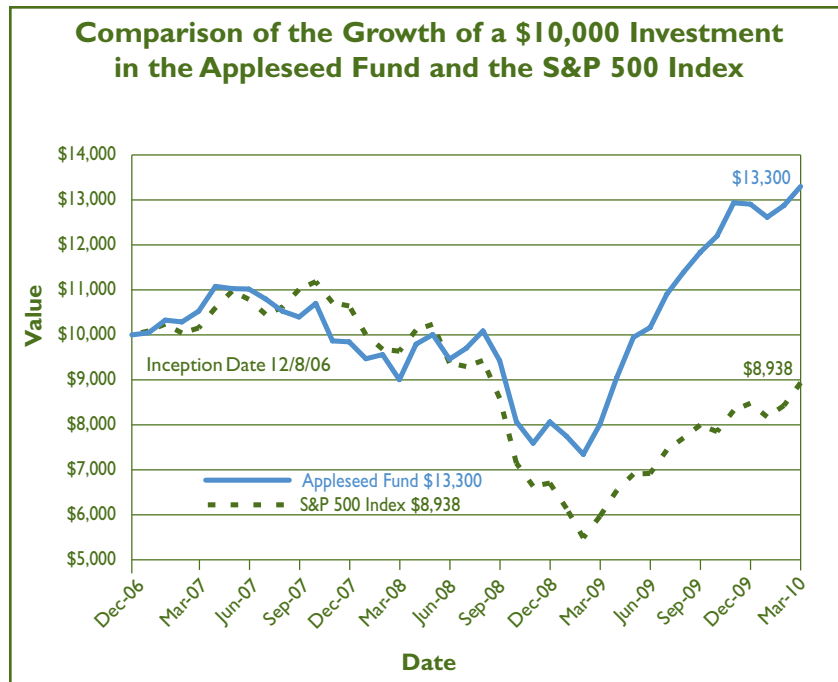
* Return figures reflect any change in price per share and assume the reinvestment of all distributions.

** 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



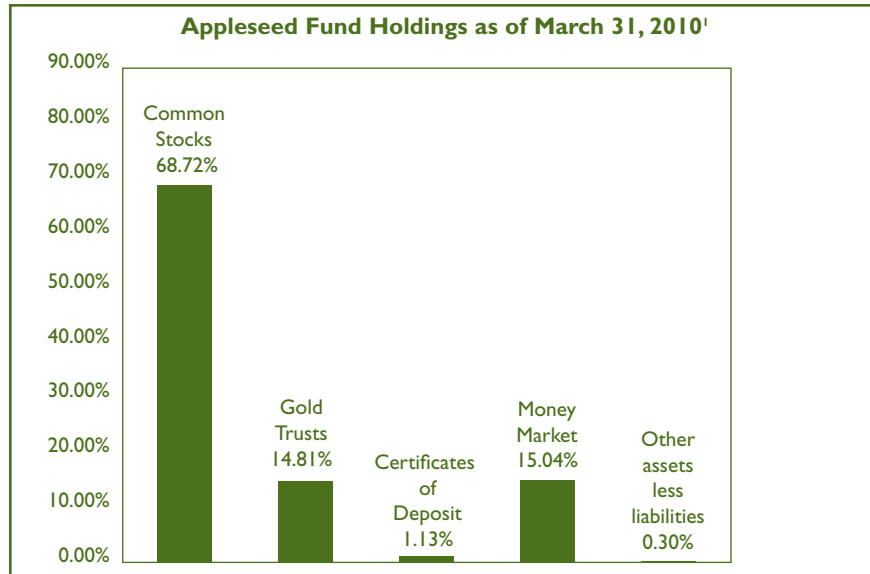
The chart above assumes an initial investment of \$10,000 made on December 8, 2006 (commencement of Fund operations) and held through March 31, 2010. The S&P 500® Index is a widely recognized unmanaged index of equity prices and is representative of a broader market and range of securities than is found 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.

The Fund is distributed by Unified Financial Securities, Inc., member FINRA.

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 October 1, 2009 to March 31, 2010.

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 October 1, 2009 | Ending Account Value March 31, 2010 | Expenses Paid During the Period October 1, 2009- March 31, 2010* |
|--|--|--|---|
| Actual | \$1,000.00 | \$1,123.54 | \$6.56 |
| Hypothetical (5% return before expenses) | \$1,000.00 | \$1,018.75 | \$6.24 |

* Expenses are equal to the Fund’s annualized expense ratio of 1.24%, multiplied by the average account value over the period, multiplied by 182/365 (to reflect the partial year period).

APPLESEED FUND SCHEDULE OF INVESTMENTS

March 31, 2010 (Unaudited)

| Common Stocks – 68.72% | Shares | Value |
|--|---------------|-------------------|
| Consumer Discretionary – 4.94% | | |
| Gaiam, Inc. - Class A | 319,967 | \$ 2,655,726 |
| PetSmart, Inc. | 122,130 | 3,903,275 |
| | | <u>6,559,001</u> |
| Consumer Staples – 6.86% | | |
| Avon Products, Inc. | 39,800 | 1,348,026 |
| Coca-Cola Company/The | 14,200 | 781,000 |
| Female Health Company/The | 37,600 | 269,592 |
| John B. Sanfilippo & Son, Inc. (a) | 455,001 | 6,711,265 |
| | | <u>9,109,883</u> |
| Energy – 1.53% | | |
| Noble Corp. | 48,500 | 2,028,270 |
| Financials – 10.48% | | |
| AllianceBernstein Holding LP (d) | 52,667 | 1,614,770 |
| Annaly Capital Management, Inc. (b) | 128,400 | 2,205,912 |
| PICO Holdings, Inc. (a) | 100,220 | 3,727,182 |
| Willis Group Holdings PLC | 203,250 | 6,359,692 |
| | | <u>13,907,556</u> |
| Health Care Services – 4.61% | | |
| Albany Molecular Research, Inc. (a) | 257,915 | 2,153,590 |
| PDI, Inc. (a) | 527,541 | 3,967,108 |
| | | <u>6,120,698</u> |
| Industrials – 6.67% | | |
| Insteel Industries, Inc. | 244,190 | 2,610,391 |
| K-Sea Transportation Partners LP (d) | 695,126 | 6,235,280 |
| | | <u>8,845,671</u> |
| Information Technology – 10.02% | | |
| Dell, Inc. (a) | 373,700 | 5,609,237 |
| Nokia Corp (c) | 423,500 | 6,581,190 |
| Teradata Corp. (a) | 38,200 | 1,103,598 |
| | | <u>13,294,025</u> |
| Materials – 4.48% | | |
| Sealed Air Corp. | 282,409 | 5,953,182 |

See accompanying notes which are an integral part of these financial statements.

APPLESEED FUND
 SCHEDULE OF INVESTMENTS – continued

March 31, 2010 (Unaudited)

| Common Stocks – 68.72% – continued | Shares | Value |
|---|---------------|-------------------|
| Pharmaceuticals – 19.13% | | |
| Johnson & Johnson | 101,400 | \$ 6,611,280 |
| Merck & Co., Inc. | 19,031 | 710,808 |
| Novartis AG (c) | 61,000 | 3,300,100 |
| Pfizer, Inc. | 861,300 | 14,771,295 |
| | | <u>25,393,483</u> |
| TOTAL COMMON STOCKS | | |
| (Cost \$78,003,081) | | <u>91,211,769</u> |
| Gold Trusts – 14.81% | | |
| ETFs Gold Trust (a) (e) | 33,500 | 3,721,515 |
| iShares COMEX Gold Trust (a) (e) | 34,200 | 3,728,826 |
| Sprott Physical Gold Trust (a) (f) | 54,200 | 536,038 |
| SPDR Gold Trust (a) (e) | 107,200 | 11,679,440 |
| | | <u>19,665,819</u> |
| TOTAL GOLD TRUSTS | | |
| (Cost \$18,465,217) | | <u>19,665,819</u> |

See accompanying notes which are an integral part of these financial statements.

APPLESEED FUND STATEMENT OF ASSETS AND LIABILITIES

March 31, 2010 (Unaudited)

| | |
|--|----------------------|
| Assets | |
| Investments in securities, at fair value (cost \$117,928,749) | \$132,338,039 |
| Receivable for fund shares sold | 539,111 |
| Dividends receivable | 307,644 |
| Prepaid expenses | 24,161 |
| Interest receivable | 894 |
| Total assets | <u>133,209,849</u> |
| Liabilities | |
| Payable for investments purchased | 311,406 |
| Payable to Adviser (a) | 100,978 |
| Payable for Fund shares purchased | 46,535 |
| Payable to administrator, fund accountant, and transfer agent | 12,804 |
| Payable to trustees and officers | 1,030 |
| Payable to custodian | 3,734 |
| Other accrued expenses | 294 |
| Total liabilities | <u>476,781</u> |
| Net Assets | <u>\$132,733,068</u> |
| Net Assets consist of: | |
| Paid in capital | \$117,014,341 |
| Accumulated undistributed net investment income | 271,288 |
| Accumulated undistributed net realized gain (loss) from investment transactions | 1,038,149 |
| Net unrealized appreciation (depreciation) on investments | <u>14,409,290</u> |
| Net Assets | <u>\$132,733,068</u> |
| Shares outstanding (unlimited number of shares authorized) | <u>10,347,937</u> |
| Net Asset Value and offering price per share | <u>\$ 12.83</u> |
| Redemption price per share (\$12.83 * 98%) (b) | <u>\$ 12.57</u> |

(a) See Note 4 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 these financial statements.

APPLESEED FUND STATEMENT OF OPERATIONS

For the six months ended March 31, 2010 (Unaudited)

| | |
|--|---------------------|
| Investment Income | |
| Dividend income (net of withholding tax \$18,177) | \$ 841,649 |
| Interest income | 12,092 |
| Total Investment Income | <u>853,741</u> |
| Expenses | |
| Investment Adviser fee (a) | 487,984 |
| Administration expenses | 41,916 |
| Transfer agent expenses | 33,675 |
| Fund accounting expenses | 21,612 |
| Legal expenses | 16,768 |
| Registration expenses | 14,700 |
| Custodian expenses | 11,375 |
| Printing expenses | 10,298 |
| Auditing expenses | 7,422 |
| Trustee expenses | 4,388 |
| CCO expenses | 3,958 |
| Pricing expenses | 1,873 |
| Insurance expense | 1,828 |
| Miscellaneous expenses | 932 |
| 24f-2 expense | 116 |
| Total Expenses | <u>658,845</u> |
| Less: Fees waived & expenses reimbursed by Adviser (a) | <u>(53,745)</u> |
| Net operating expenses | <u>605,100</u> |
| Net Investment Income (Loss) | <u>248,641</u> |
| Realized & Unrealized Gain (Loss) on Investments | |
| Net realized gain (loss) on investment securities | 1,248,906 |
| Change in unrealized appreciation (depreciation) on investment securities | <u>8,076,701</u> |
| Net realized and unrealized gain (loss) on investment securities | <u>9,325,607</u> |
| Net increase (decrease) in net assets resulting from operations | <u>\$ 9,574,248</u> |

(a) See Note 4 in the Notes to the Financial Statements.

See accompanying notes which are an integral part of these financial statements.

APPLESEED FUND

STATEMENTS OF CHANGES IN NET ASSETS

| | Six Months Ended March 31, 2010 (Unaudited) | Period Ended September 30, 2009(a) | Year Ended November 30, 2008 |
|---|---|--|------------------------------------|
| Operations | | | |
| Net investment income (loss) . . . | \$ 248,641 | \$ 155,331 | \$ 178,667 |
| Net realized gain (loss) on investment securities | 1,248,906 | 5,881 | 13,879 |
| Change in unrealized appreciation (depreciation) on investment securities | <u>8,076,701</u> | <u>9,513,978</u> | <u>(2,722,432)</u> |
| Net increase (decrease) in net assets resulting from operations | <u>9,574,248</u> | <u>9,675,190</u> | <u>(2,529,886)</u> |
| Distributions | | | |
| From net investment income . . . | (157,104) | (119,045) | (142,332) |
| From net realized gains | <u>(183,940)</u> | <u>—</u> | <u>(1,798)</u> |
| Total distributions | <u>(341,044)</u> | <u>(119,045)</u> | <u>(144,130)</u> |
| Capital Share Transactions | | | |
| Proceeds from Fund shares sold . . | 90,251,758 | 39,846,457 | 5,975,991 |
| Proceeds from redemption fees collected (b) | 48,625 | 11,240 | 114 |
| Reinvestment of distributions . . . | 329,276 | 119,045 | 136,338 |
| Amount paid for Fund shares repurchased | <u>(23,034,616)</u> | <u>(2,619,573)</u> | <u>(948,019)</u> |
| Net increase (decrease) in net assets resulting from capital share transactions . . . | <u>67,595,043</u> | <u>37,357,169</u> | <u>5,164,424</u> |
| Total Increase (Decrease) in Net Assets | <u>76,828,247</u> | <u>46,913,314</u> | <u>2,490,408</u> |
| Net Assets | | | |
| Beginning of period | 55,904,821 | 8,991,507 | 6,501,099 |
| End of period | <u>\$132,733,068</u> | <u>\$55,904,821</u> | <u>\$ 8,991,507</u> |
| Accumulated undistributed net investment income included in net assets at end of period . . . | <u>\$ 271,287</u> | <u>\$ 179,751</u> | <u>\$ 100,381</u> |
| Capital Share Transactions | | | |
| Shares sold | 7,277,420 | 3,936,844 | 638,074 |
| Shares issued in reinvestment of distributions | 26,420 | 16,087 | 14,400 |
| Shares repurchased | <u>(1,835,675)</u> | <u>(281,519)</u> | <u>(104,073)</u> |
| Net increase (decrease) from capital share transactions . . . | <u>5,468,165</u> | <u>3,671,412</u> | <u>548,401</u> |

- (a) The Fund's Board of Trustees elected to change its fiscal year end from November 30 to September 30. The information presented is from December 1, 2008 through September 30, 2009.
- (b) 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 these financial statements.

APPLESEED FUND FINANCIAL HIGHLIGHTS

(For a share outstanding during each period)

| | Six Months Ended March 31, 2010 (Unaudited) | Period ended September 30, 2009(a) |
|---|---|--|
| Selected Per Share Data: | | |
| Net asset value, beginning of period | \$ 11.46 | \$ 7.44 |
| Income from investment operations: | | |
| Net investment income (loss) | 0.03(c) | 0.07(c) |
| Net realized and unrealized gain (loss) on investments | 1.39 | 4.04 |
| Total from investment operations | 1.42 | 4.11 |
| Less distributions to shareholders: | | |
| From net investment income | (0.02) | (0.09) |
| From net realized gain | (0.02) | — |
| Total distributions | (0.04) | (0.09) |
| Paid in capital from redemption fees | —(e) | —(e) |
| Net asset value, end of period | \$ 12.83 | \$ 11.46 |
| Total Return (f) | 12.35%(g) | 55.95%(g) |
| Ratios and Supplemental Data: | | |
| Net assets, end of period (000) | \$132,733 | \$55,905 |
| Ratio of expenses to average net assets (l) | 1.24%(h) | 1.17%(h)(k) |
| Ratio of expenses to average net assets before reimbursement & federal income taxes (l) | 1.35%(h) | 2.02%(h) |
| Ratio of net investment income (loss) to average net assets (l) | 0.56%(h) | 0.87%(h) |
| Ratio of net investment income (loss) to average net assets before reimbursement & federal income taxes (l) | 0.45%(h) | 0.02%(h) |
| Portfolio turnover rate | 9.83% | 40.54% |

(a) The Fund's Board of Trustees elected to change its fiscal year end from November 30 to September 30. The information presented is from December 1, 2008 through September 30, 2009.

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

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

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

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

(f) 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.

(g) Not annualized.

(h) Annualized.

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

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

(k) 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%.

(l) These ratios exclude the impact of expenses of the underlying security holdings as represented in the Schedule of Investments.

See accompanying notes which are an integral part of these financial statements.

APPLESEED FUND FINANCIAL HIGHLIGHTS – continued

(For a share outstanding during each period)

| | Year Ended November 30, 2008 | Period ended November 30, 2007(b) |
|---|------------------------------------|---|
| Selected Per Share Data: | | |
| Net asset value, beginning of period | \$ 9.85 | \$10.00 |
| Income from investment operations: | | |
| Net investment income (loss) | 0.22(c) | 0.12 |
| Net realized and unrealized gain (loss) on investments | (2.46) | (0.26) |
| Total from investment operations | (2.24) | (0.14) |
| Less distributions to shareholders: | | |
| From net investment income | (0.17) | (0.02) |
| From net realized gain | —(d) | — |
| Total distributions | (0.17) | (0.02) |
| Paid in capital from redemption fees | —(e) | 0.01 |
| Net asset value, end of period | \$ 7.44 | \$ 9.85 |
| Total Return (f) | (23.07)% | (1.33)% (g) |
| Ratios and Supplemental Data: | | |
| Net assets, end of period (000) | \$8,992 | \$6,501 |
| Ratio of expenses to average net assets (l) | 0.90% | 0.90%(h) |
| Ratio of expenses to average net assets before reimbursement & federal income taxes (l) | 3.09% | 3.52%(h)(i) |
| Ratio of net investment income (loss) to average net assets (l) | 2.40% | 1.40%(h) |
| Ratio of net investment income (loss) to average net assets before reimbursement & federal income taxes (l) | 0.21% | (1.22)% (h)(j) |
| Portfolio turnover rate | 127.63% | 27.07% |

(a) The Fund's Board of Trustees elected to change its fiscal year end from November 30 to September 30. The information presented is from December 1, 2008 through September 30, 2009.

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

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

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

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

(f) 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.

(g) Not annualized.

(h) Annualized.

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

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

(k) 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%.

(l) These ratios exclude the impact of expenses of the underlying security holdings as represented in the Schedule of Investments.

See accompanying notes which are an integral part of these financial statements.

APPLESEED FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2010 (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 Valuation – All investments in securities are recorded at their estimated fair value as described in Note 3.

Federal Income Taxes – The Fund makes no provision for federal income or excise tax. The Fund intends to qualify each year as a “regulated investment company” (“RIC”) under subchapter M of the Internal Revenue Code of 1986, as amended, by complying with the requirements applicable to RICs and by distributing substantially all of its taxable income. The Fund also intends to distribute sufficient net investment income and net capital gains, if any, so that it will not be subject to excise tax on undistributed income and gains. If the required amount of net investment income or gains is not distributed, the Fund could incur a tax expense.

As of and during the six months ended March 31, 2010, 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 Statement of Operations. During the period, the Fund did not incur any interest or penalties. The Fund is not subject to examination by U.S. federal tax authorities for tax years prior to 2007.

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 other appropriate basis (as determined by the Board).

APPLESEED FUND
NOTES TO THE FINANCIAL STATEMENTS -

continued

March 31, 2010 (Unaudited)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – continued

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. 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.

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 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, expenses 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.

Subsequent Events – In accordance with accounting principles generally accepted in the United States of America (“GAAP”), management has evaluated subsequent events through May 30, 2010, the date the financial statements were issued and determined there were no material subsequent events.

NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS

Fair value is defined as the price that a fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal

APPLESEED FUND
NOTES TO THE FINANCIAL STATEMENTS -

continued

March 31, 2010 (Unaudited)

**NOTE 3. SECURITIES VALUATION AND FAIR
VALUE MEASUREMENTS – continued**

or most advantageous market of the investment. GAAP establishes 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 (the risk inherent in a particular valuation technique used to measure fair value such as 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 developed 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, but not limited to, quoted prices for an identical security in an inactive market, 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 based on the best information available)

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Equity securities, including common stock, exchange-traded funds, American Depositary Receipts, limited partnerships, real estate investment trusts, and closed-end funds are generally valued by using market

APPLESEED FUND
NOTES TO THE FINANCIAL STATEMENTS -

continued

March 31, 2010 (Unaudited)

**NOTE 3. SECURITIES VALUATION AND FAIR
VALUE MEASUREMENTS – continued**

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 value of such securities. Securities that are traded on any stock exchange are generally 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 using the market quotations or close prices provided by the pricing service and when the market is considered active, the security will be classified as a Level 1 security. Sometimes, an equity security owned by the Fund will be valued by the pricing service with factors other than market quotations or the market is considered inactive. When this happens, the security will be classified as a Level 2 security. 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 fair 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 by the Board. These securities will be categorized as Level 3 securities.

Investments in mutual funds, including money market mutual funds, are generally priced at the ending net asset value (NAV) provided by the service agent of the fund. These securities will be categorized as Level 1 securities.

Fixed income securities, when valued using market quotations in an active market, will be categorized as Level 1 securities. However, they may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices more accurately reflect the fair 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. These securities will generally be categorized as Level 2 securities. If the Adviser decides that a price provided by the pricing service does not accurately reflect the fair 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

APPLESEED FUND
NOTES TO THE FINANCIAL STATEMENTS -

continued

March 31, 2010 (Unaudited)

**NOTE 3. SECURITIES VALUATION AND FAIR
VALUE MEASUREMENTS – continued**

conformity with guidelines adopted by and subject to review of the Board. These securities will be categorized as Level 3 securities.

Short-term investments in fixed income securities, (those 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. These securities will be classified as Level 2 securities.

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, because 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 accordance 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 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. Good faith pricing may also be used in instances when the bonds the Funds invest in may default or otherwise cease to have market quotations readily available.

APPLESEED FUND

NOTES TO THE FINANCIAL STATEMENTS -

continued

March 31, 2010 (Unaudited)

NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS – continued

The following is a summary of the inputs used to value the Fund's investments as of March 31, 2010:

| Assets | Valuation Inputs | | | Total |
|--------------------------------|---|---|---|---------------|
| | Level 1 – Quoted Prices in Active Markets | Level 2 – Other Significant Observable Inputs | Level 3 – Significant Unobservable Inputs | |
| Common Stocks* | \$ 71,274,517 | \$ – | \$ – | \$ 71,274,517 |
| Limited Partnerships* | 7,850,050 | – | – | 7,850,050 |
| Real Estate Investment Trusts* | 2,205,912 | – | – | 2,205,912 |
| American Depositary Receipts* | 9,881,290 | – | – | 9,881,290 |
| Gold Trusts | 19,665,819 | – | – | 19,665,819 |
| Certificates of Deposit | – | 1,500,761 | – | 1,500,761 |
| Money Market Securities | 19,959,690 | – | – | 19,959,690 |
| Total | \$130,837,278 | \$1,500,761 | \$ – | \$132,338,039 |

* Refer to Schedule of Investments for industry classifications

The Fund did not hold any investments at any time during the reporting period in which significant unobservable inputs were used in determining fair value; therefore, no reconciliation of Level 3 securities is included for this reporting period. The Fund did not hold any derivative instruments during the reporting period.

NOTE 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES

The Adviser, under the terms of the management agreement (the "Agreement"), manages the Fund's investments. 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 Fund's average net assets. For the six months ended March 31, 2010, before the waiver described below, the Adviser earned a fee of \$487,984 from the Fund. The Adviser has contractually agreed to waive its

APPLESEED FUND
NOTES TO THE FINANCIAL STATEMENTS -

continued

March 31, 2010 (Unaudited)

**NOTE 4. FEES AND OTHER TRANSACTIONS
WITH AFFILIATES – continued**

management fee and/or reimburse certain Fund operating expenses through January 31, 2011, so that the total annual Fund operating expenses, excluding brokerage fees and commissions, borrowing costs (such as interest and dividend expense on securities sold short), 12b-1 fees, taxes, any indirect expenses such as expenses incurred by other investment companies in which the Fund may invest, and extraordinary litigation expenses do not exceed 1.24% of the Fund's average daily net assets. For the six months ended March 31, 2010, the Adviser waived fees of \$53,745. At March 31, 2010, the Adviser was owed \$100,978 from the Fund for advisory services.

Each waiver or reimbursement by the Adviser is subject to repayment by the Fund within the three fiscal years following the fiscal year in which the particular expense was incurred, provided that the Fund is able to make the repayment without exceeding the expense limitation in effect at the time the expense was waived as described above. The amounts subject to repayment by the Fund, pursuant to the aforementioned conditions, at September 30, 2009 are as follows:

| <u>Amount</u> | <u>Recoverable through November 30,</u> | <u>Amount</u> | <u>Recoverable through September 30,</u> |
|---------------|---|---------------|--|
| \$129,303 | 2010 | \$152,291 | 2012 |
| \$163,135 | 2011 | | |

For the six months ended March 31, 2010, \$53,745 may be subject to potential repayment by the Fund to the Adviser through September 30, 2013.

The Trust retains Unified Fund Services, Inc. ("Unified"), to manage the Fund's business affairs and to provide the Fund with administrative services, including all regulatory reporting and necessary office equipment and personnel. For the six months ended March 31, 2010, Unified earned fees of \$41,916 for administrative services provided to the Fund. At March 31, 2010, the Fund owed Unified \$6,782 for administrative services. Certain officers of the Trust are members of management and/or employees of Unified. Unified operates as a wholly-owned subsidiary of Huntington Bancshares, Inc., the parent company of the principal Distributor 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 March 31, 2010, the Custodian earned

APPLESEED FUND
NOTES TO THE FINANCIAL STATEMENTS -

continued

March 31, 2010 (Unaudited)

**NOTE 4. FEES AND OTHER TRANSACTIONS
WITH AFFILIATES – continued**

fees of \$11,375 for custody services provided to the Fund. At March 31, 2010, the Fund owed the Custodian \$3,734 for custody services.

The Trust retains Unified to act as the Fund's transfer agent and to provide fund accounting services. For the six months ended March 31, 2010, Unified earned fees of \$17,897 from the Fund for transfer agent services and \$15,778 in reimbursement for out-of-pocket expenses incurred in providing transfer agent services. For the six months ended March 31, 2010, Unified earned fees of \$21,612 from the Fund for fund accounting services. At March 31, 2010, the Fund owed Unified \$1,342 for transfer agent services, \$82 for reimbursement for out-of-pocket expenses, and \$4,598 for fund accounting services.

Unified Financial Securities, Inc. (the "Distributor") acts as the principal distributor of the Fund's shares. There were no payments made to the Distributor by the Fund for the six months ended March 31, 2010. 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 officers of the Trust are officers of the Distributor and such persons may be deemed to be affiliates of the Distributor.

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

APPLESEED FUND
 NOTES TO THE FINANCIAL STATEMENTS -

continued

March 31, 2010 (Unaudited)

**NOTE 4. FEES AND OTHER TRANSACTIONS
 WITH AFFILIATES – continued**

maintain a sufficient size to efficiently achieve its investment objectives and to realize economies of scale. The Fund does not currently intend to activate the Plan prior to January 31, 2011.

NOTE 5. INVESTMENT TRANSACTIONS

For the six months ended March 31, 2010, purchases and sales of investment securities, other than short-term investments were as follows:

| Purchases | Amount |
|-----------------------------------|---------------|
| U.S. Government Obligations | \$ — |
| Other | 64,046,007 |
| Sales | |
| U.S. Government Obligations | \$ — |
| Other | 7,890,367 |

At March 31, 2010, the appreciation (depreciation) of investments for tax purposes was as follows:

| | Amount |
|---|---------------------|
| Gross Appreciation | \$15,349,219 |
| Gross (Depreciation) | (939,929) |
| Net Appreciation (Depreciation) on Investments | <u>\$14,409,290</u> |

At March 31, 2010, the aggregate cost of securities for federal income tax purposes, was \$117,928,749.

NOTE 6. ESTIMATES

The preparation of financial statements in conformity with GAAP 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.

APPLESEED FUND

NOTES TO THE FINANCIAL STATEMENTS -

continued

March 31, 2010 (Unaudited)

NOTE 7. BENEFICIAL OWNERSHIP

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the fund, under Section 2(a) (9) of the Investment Company Act of 1940. At March 31, 2010, Charles Schwab & Co., for the benefit of others, owned 37.22% of the Fund's shares. As a result, Charles Schwab & Co. may be deemed to control the Fund.

NOTE 8. DISTRIBUTIONS TO SHAREHOLDERS

On November 30, 2009, a short-term capital gain distribution of \$0.0234 per share was made to shareholders of record on November 27, 2009.

On November 30, 2009, a long-term capital gain distribution of \$0.0013 per share was made to shareholders of record on November 27, 2009.

On December 23, 2009, an income dividend of \$0.0197 per share was made to shareholders of record on December 22, 2009.

The tax characterization of distributions for the fiscal periods ended September 30, 2009 and November 30, 2008 and 2007 were as follows:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-----------------------------------|-------------------|-------------------|-----------------|
| Distributions paid from: | | | |
| Ordinary Income | \$ 119,045 | \$ 142,332 | \$ 2,445 |
| Short-Term Capital Gain | — | 1,798 | — |
| Long-Term Capital Gain | — | — | — |
| | <u>\$ 119,045</u> | <u>\$ 144,130</u> | <u>\$ 2,445</u> |

At September 30, 2009, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

| | |
|--|---------------------|
| Undistributed ordinary income | \$ 170,614 |
| Undistributed long-term capital gains | 9,658 |
| Unrealized appreciation (depreciation) | 6,333,532 |
| Capital loss carryforward | <u>(28,281)</u> |
| | <u>\$ 6,485,523</u> |

At September 30, 2009, the difference between book basis and tax basis unrealized appreciation (depreciation) is attributable to the tax deferral of losses on wash sales in the amount of \$13,729 and basis adjustments for investments in commodity trusts.

APPLESEED FUND
NOTES TO THE FINANCIAL STATEMENTS -

continued

March 31, 2010 (Unaudited)

9. CAPITAL LOSS CARRYFORWARD

At September 30, 2009, the Fund had available for federal tax purposes unused capital loss carryforwards of \$28,281, which are available to offset future realized gains. To the extent that these carryforwards are used to offset future gains, it is probable that the amount offset will not be distributed to shareholders. The carryforward expires as follows:

| <u>Amount</u> | <u>Expires September 30,</u> |
|---------------|------------------------------|
| \$28,281 | 2017 |





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 (Unaudited)

The approval of the Amended and Restated Management Agreement (the "Agreement") for the Fund was considered by the Board, including a majority of Trustees who are not interested persons of the Trust or interested parties to the Agreement (collectively the "Trustees," each a "Trustee") at an in-person meeting held February 7 - 8, 2010. The Chairman of the Board noted that on January 25, 2010, the Adviser Contract Renewal Committee ("Committee") 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 the Committee members and other participants acknowledged receiving and reviewing the materials compiled by the Trust's Administrator and provided to the participants in advance of the meeting. He stated that no changes had been proposed to the Fund's management agreement, and that the Adviser had agreed to continue capping certain operating expenses of the Fund for an additional year. The Chairman also reported that the materials specifically provided to the Committee included the following information: (i) an executed copy of the Fund's management agreement and expense cap side letter, (ii) a letter from the Administrator to the Adviser setting forth, and the Adviser's response to, a detailed series of questions regarding, among other things, 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 Trust's CCO that the Adviser has 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) a profitability analysis of the Adviser for the year ended December 31, 2009, (vi) reports provided by the Administrator regarding the Fund's performance for the three month, one- and three-year periods ended December 31, 2009 and comparisons of the same to the Fund's benchmark and peer group for the 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 reported that, after discussing the materials, the

OTHER INFORMATION – continued

Committee interviewed the Adviser’s representatives including the senior vice president and portfolio manager for the Fund, the Adviser’s chief compliance officer, and two additional senior vice presidents.

The Chairman noted that the Committee members stated that they had received and evaluated such information as they deemed necessary to make their decision. The Chairman also reported that they noted that 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. The Chairman noted that the members reported that 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 management arrangement. At the meeting, the Trustees considered the following factors:

(i) The Nature, Extent and Quality of Services – The Trustees 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. They also noted that the Adviser provides the support of various investment and administrative staff, including its compliance officer and four investment professionals who provide research assistance to the Fund. The Adviser reported that in the past year it had hired a Director of Sales whose primary role is to increase the Fund’s profile in the investment community and to serve as the primary marketing contact for the Fund. The Adviser stated that it expected to hire an additional research analyst for the Fund in the next year. They noted that the Adviser was not proposing any changes to the level of services provided to the Fund.

The Trustees noted that various compliance reports had been provided by the Adviser and the Trust’s CCO to the Board throughout the year, and noted, based on such reports, that the Fund’s investment policies and restrictions were consistently complied with during the last year. The Trust’s CCO reported that he had reviewed the Adviser’s compliance policies and procedures and determined that they appeared reasonably designed to prevent violation of federal securities laws. The CCO reported that he and an Independent Trustee had visited the Adviser on-site in Chicago to review the Adviser’s operations and meet with the portfolio managers.

OTHER INFORMATION – continued

(ii) Fund Performance – The Trustees discussed the Fund’s performance and reviewed other materials provided by the Adviser and the Administrator with respect to such performance. The Administrator reported that for the three months, one and three year periods ended December 31, 2009, the Fund had outperformed its benchmark, the S&P 500 Index, and its peer group average as reported by the Administrator. They observed that the Fund maintained a five star Morningstar rating and had been ranked by Morningstar as the top “U.S. midcap value fund” among 342 funds for the three years ended December 31, 2009, and the top socially responsible domestic equity fund among 166 funds for the same period. They also noted that Lipper had named the Fund as “Best of Category” for the past one year. They further noted that a recent trade publication included an article favorable to the Fund.

(iii) Fee Rates and Profitability – The Trustees noted that although the Adviser’s 1.00% fee and the Fund’s total expenses were higher than its peer group average, the Adviser was capping total operating expenses at 1.24%. The Adviser confirmed that it would continue capping certain operating expenses of the Fund at this level through January 31, 2011. They noted that the Adviser’s profitability analysis showed a loss. The Adviser reported that the management agreement had not been profitable since the Fund’s inception due to its obligation to cap expenses.

The Trustees noted that the Adviser reported that it directs Fund brokerage to Pershing in return for Baseline and other research services and allocates such services among its clients, including the Fund. They further noted that the average price per share commission rate paid by the Fund was \$0.01. The Trustees 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 Trustees 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. The Adviser reported that the time its employees spent on the Fund had increased more than the Adviser expected each year due to the increasing assets under management and that it needed additional research staff, which it expected to hire in the next year. The Adviser noted it would continue to expand distribution through additional mutual fund platforms. The Trustees noted that although the Fund’s assets were growing, it did not appear that the Adviser has begun to realize any significant economies of scale from managing the Fund.



OTHER INFORMATION – continued

The Committee reviewed the foregoing with the Board, indicating that its members had determined that the Fund's advisory fee (after fee waivers and reimbursements by the Adviser) was reasonable, and that its members unanimously were recommending that the Board approve the continuation of the Agreement.

After reviewing and discussing the materials and the Committee's recommendation, the Trustees, including the Independent Trustees, unanimously determined that continuation of the Agreement between the Trust and the Adviser was in the best interest of the Fund and its shareholders and voted to continue 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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