# APPLESEED FUND™

# Semi-Annual Report

March 31, 2013

Fund Adviser:

Pekin Singer Strauss Asset Management
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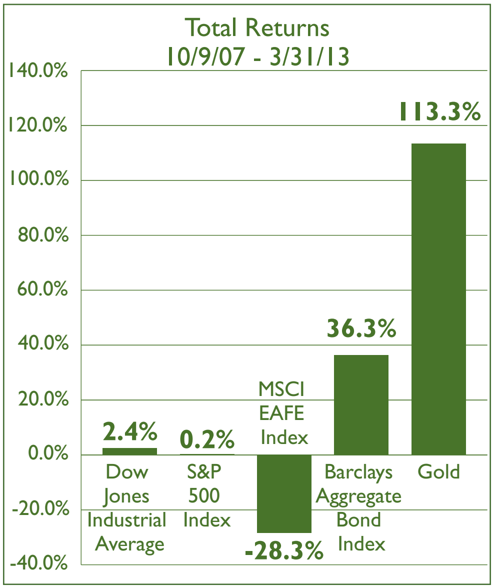
APPLESEED FUND

April 17, 2013

Dear Shareholders,

*"Lately, it occurs to me what a long, strange trip it's been."*
- The Grateful Dead

On March 5, 2013, the Dow Jones Industrial Average broke through its previous record high of 14,164 set on October 9, 2007. As for the S&P 500 Index, it also closed out the quarter by eclipsing its all-time intraday high of 1,567 achieved on October 11, 2007. In turn, the financial media tossed confetti and popped the champagne; after five and one-half years, the stock market had retraced its steps through previous high water marks.




Noticeably, returns to bond investors outstripped returns to equity investors since 2007, while the value of gold (measured in dollars) more than doubled during that period. In contrast to the U.S. stock market, the MSCI EAFE Index, the measure we use that indicates how well equity investors faired abroad, remains well below its 2007 high.

Intimately familiar with this long, strange trip back to stock market highs, we express concern as to whether the rapid advancement of equity prices is nothing short of a conjurer's trick. In our view, the Federal Reserve's ultra-easy monetary policy that began in 2007 underpins virtually every aspect of strength in the capital markets. Indeed, we are living in an era of managed markets.

The table on the next page shows a number of statistics for two different stock market peaks — October 2007 and the end of the most recent quarter. Just to highlight a few of the major differences between the two peaks: compared to 2007, public debt has increased substantially, GDP growth is weaker, unemployment levels have elevated, and bond yields are dramatically lower. As mentioned, underpinning these changes is an activist Federal Reserve that continues to pull out all the stops in order to inflate financial assets.

Notwithstanding the Federal Reserve's easy money policy and the large government budget deficits, the job picture continues to disappoint. While the official unemployment rate has dropped to 7.6%, the decrease has occurred largely because the labor force participation rate has declined. Had the labor participation rate remained constant, the U.S. unemployment rate would be north of 10%. The declining labor participation rate has been driven by retiring Baby Boomers and by millions of would-be employees who have stopped searching for work. Moreover, many employed on a part-time basis would prefer full-time employment, and many employed have accepted lower paying positions (often in the service sector) because their prior, higher-paying jobs were replaced with technology or shipped abroad.

## Back to the Future

| | 10/9/2007 | 3/31/2013 |
|---|---|---|
| Dow Jones Industrial Average | 14,164 | 14,497 |
| S&P 500 Index | 1,565 | 1,569 |
| MSCI EAFE Index | 2,337 | 1,675 |
| Yield on the 10-Year Treasury Bond | 4.7% | 1.9% |
| Gold Price/Troy Ounce | $748 | $1,596 |
| U.S. Population | 300M | 314M |
| GDP Growth | +2.5% | +1.6% |
| Price/Gallon of Unleaded Gasoline | $2.75 | $4.07 |
| Americans Unemployed | 6.7M | 13.2M |
| Labor Force Participation Rate | 65.8% | 63.5% |
| Americans on Food Stamps | 26.9M | 47.7M |
| S&P Credit Rating on U.S. Debt | AAA | AA+ |
| Size of the Fed's Balance Sheet | $0.89T | $3.01T |
| U.S. Debt/Gross Domestic Product | ~38% | >100% |
| U.S. Deficit (Trailing Twelve Months) | $98B | $1.1T |
| Total U.S. Debt Outstanding | $9.0T | $16.4T |
| Public U.S. Debt/U.S. Citizen | $30,000 | $52,000 |
| Total Government Liabilities* | $50T | $87T |
| Total Government Liabilities/U.S. Citizen | $167,000 | $276,000 |
| Forward P/E Ratio for S&P 500 | 15.5x | 15.1x |
| Cyclically-Adjusted Forward P/E Ratio for S&P 500** | 26.4x | 22.8x |

* Includes public debt, Social Security, Medicare & Federal employees' future retirement benefits.

** Adjusts for profit margin variability during the business cycle and for inflation. Also called the Schiller P/E.

The ongoing maelstrom of central bank liquidity that led to the robust bond and stock markets in recent years likely will inflate the nominal value of all real assets, sooner or later. Given their policy mandates to counter business cycle weakness, central banks, including the Federal Reserve, feel few constraints today when it comes to quantitative easing (QE). So the Federal Reserve continues to print $85 billion per month, and the Bank of Japan more recently promised to nearly double the country's money supply by the end of 2014.

Our take of the economy in the intermediate period ahead is that it will continue to be hampered by the onerous debt burdens left behind by the Credit Crisis. Try as they might, central bankers cannot create new jobs, innovate new technologies, generate productivity improvements, or launch new companies.

Their scope of economic influence is limited to the pricing and quantity of money. While admittedly premature with our expectation that widespread inflation would surface long before now, we nonetheless hold to the view that higher rates of inflation are in the cards (later, if not sooner) as a result of all of the money printing that has occurred and that continues to occur.

## A Greek Tragedy in Cyprus

Recent developments in tiny Cyprus are reflective, not just of the deep problems that exist in the Euro zone, but more importantly of increasing political and counterparty risk. Having speculated in Greek bonds over the past few years, Cypriot banks faced insolvency. Consequently, Cypriot banks were closed for nearly two weeks as the local banking officials, the Cypriot government, and ECB bureaucrats schemed to recapitalize the failed Cypriot banking system by writing down the value of deposits in excess of 100,000 Euros to an undetermined amount. Suffice it to say, the potential write-downs will be painful. Besides obliterating the capital of many depositors, destroying the liquidity of many Cypriot businesses, and reducing trust in the Cypriot banking system, this decision likely will keep the economy in Cyprus depressed for years. Furthermore, given that deposits are the lifeblood of banks, fear of something similar happening elsewhere could trigger bank runs in other Euro-zone countries.

These anxieties might be nothing short of an exaggerated concern on our part, and the Cypriot banking situation might be a contained anomaly. On the other hand, Eurogroup President and Dutch Finance Minister Jeoren Dijsselbloem admitted that "the rescue program agreed for Cyprus…represents a new template for resolving Eurozone banking problems." And elsewhere, the central banks of New Zealand and Canada (both well-capitalized banking systems) recently announced their willingness to restructure bank deposits to recapitalize their banks if the situation warranted. Additionally, on December 10, 2012, the U.S. Federal Deposit Insurance Corporation (FDIC) and the Bank of England published a white paper in which they notably suggested that unsecured creditors (depositors), similar to shareholders, should be assigned losses generated by a failed Too-Big-To-Fail Bank.

Given the tens of trillions of dollars in notional derivatives held by the Too-Big-to-Fail banks, we are not sure why any depositor would willingly invest their savings with a Too-Big-To-Fail Bank, given the enormous counterparty risk. At Appleseed Fund, we avoid investing in Too-Big-To-Fail Banks and look very closely at counterparty risk whenever we make a portfolio investment.

## Interest Rate Showdown on the Horizon

With the 10-year Treasury and the 30-year Treasury yielding a meager 1.9% and 3.0%, respectively, as of the end of the quarter and with the Federal Reserve determined to keep interest rates low, investors should be prepared for a fixed income environment in which the nominal investment returns are at best low single-digits in the intermediate period ahead. After taxes and inflation, these investment returns are negative. The duration of this environment is impossible to predict, as bond market pricing may well be determined by political factors rather than market forces, much like the past five years.

The question all investors face is…when will interest rates rise? We dare not venture a guess. After a 30+ year bull market in bonds, many of today's fixed income investors likely have become complacent and have assumed the Federal Reserve has their backs and will continue to be successful in maintaining control of the bond market. Few investors today are veteran enough to have experienced the losses stemming from holding long-dated bonds in a rising interest rate environment.

**Sensitivity of Bond Prices to Yield Changes**

| Yields | Price Changes from Current Yields | |
|---|---|---|
| | **10-Year Treasury** | **30-Year Treasury** |
| **Yields as of 3/31/13** | 1.9% | 3.0% |
| 3% | -10% | 0% |
| 4% | -18% | -17% |
| 5% | -25% | -31% |
| 6% | -31% | -42% |
| 7% | -37% | -50% |
| 8% | -42% | -57% |
| 9% | -47% | -62% |
| 10% | -51% | -66% |
| **20 Year Avg. Yields** | 4.7% | 5.3% |
| **40 Year Avg. Yields** | 6.7% | 7.5% |

To provide a gauge of the negative impact on bond prices caused by rising yields, the table on the right shows a sensitivity analysis for both the 10-Year Treasury and the 30-Year Treasury. Should the yield on these bonds move even slightly upwards towards their historic averages, which is a certainty – it is merely a question of time – the price declines on long-dated bonds could be substantial. As an example, if the yield on bonds moves to 5%, bond prices would fall by 25% and by 31% for the 10-Year and 30-Year Treasury bonds, respectively.

The bond market is important because interest rates heavily influence the cost of capital for the stock market and for that matter all financial assets. When long-term Treasury interest rates increase, so, too, will the cost of capital for companies. For that reason, the best time to buy both stocks and bonds is when interest rates are at generational highs and the cost of capital can only decline; that environment is certainly not what we have today. When interest rates increase, lower valuations for most stocks are a likely scenario.

Our approach towards managing the risk of higher interest rates is to own stocks which already trade at low valuations. When stock market valuations compress with the arrival of higher interest rates, we expect that the valuation compression should be less severe for a company like **Staples (SPLS)**, for example, which already trades at a relatively low 8x P/E ratio, than it would likely be for a growth company trading at a 25x P/E ratio.

## Appleseed Performance and Portfolio Changes

During the first three months of 2013, Appleseed Fund generated extremely strong investment results, with a 10.78% total return. The Fund's quarterly return slightly exceeded the return of our benchmark, the S&P 500 Index, which was also quite strong. Driving Appleseed Fund's return this quarter was tremendous performance across many stocks in our portfolio, including **Albany Research (AMRI)**, **Avon Products (AVP)**, **Sealed Air (SEE)**, and our Japanese holdings which included **Mabuchi Motors (Tokyo: 6592)**, **Suzuki Motors (Tokyo: 7269)**, and **Shimano (Osaka: 7309)**. The most significant detractors to Appleseed's performance during the quarter were

Appleseed Fund's holdings in various gold trusts. Recently, it appears that excess liquidity has been moving into stocks and out of gold.

We reduced or sold several of the Fund's positions whose stock prices reached our fair value estimates this quarter. As an aside, we try not to fall in love with our holdings, especially when all of the good things we expect to happen to a company are already priced into the stock. We have significantly cut back our exposure to Japanese equities due to the rapid price appreciation which occurred as a result of the Bank of Japan's determination to devalue the yen. We liquidated our positions in Suzuki Motors and in **Dr. Ci: Labo (Tokyo: 4924)**. Also, as we are writing this letter, we have sold our shares in Shimano as well, which more than doubled in price since we bought the stock just sixteen months ago. Finally, turning to our U.S. holdings, we liquidated our holdings in Albany Molecular Research.

While we have been doing more selling than buying recently, we have managed to add several new holdings to Appleseed Fund's portfolio, including **Omega Protein (OME)**, **Toyo Tanso (Tokyo: 5310)**, **Vistaprint (VPRT)**, and Microsoft (MSFT). Also, just after the quarter ended, we initiated a position in **Herbalife (HLF)**. With several of these new holdings, we were only able to obtain a partial position before the stock price appreciated above our buy limit. When this happens, we refrain from buying additional shares. Instead, we wait and hope for an opportunity to finish our shopping trip at a more attractive price (at or below our buy limit).

This quarter, we were fortunate enough to purchase the common stock of one of the world's largest and most successful companies, **Microsoft Corporation**, at a steep discount. After a dozen years of a flat-lined stock price, investors seem to have given this stock up for dead. The company's position in the consumer categories it serves may be vulnerable, but Microsoft's deeply entrenched competitive moat is derived from its strong position among its business customers. Over 90% of PCs still run Windows, and the company enjoys substantial barriers to entry with armies of developers writing enterprise applications for its Windows operating system. We believe investors have mispriced Microsoft's stock and are not giving the company proper credit for its franchise value, its competitive positioning among businesses, and its attractive growth prospects. Selling at a rather compelling 7.5x earnings multiple and 3%+ dividend yield, we like the risk/reward ratio of Microsoft's stock.

Often times, as value-driven investors, we find ourselves drawn to controversial companies whose common stock has become depressed by issues that we feel are temporary and will pass. One recent purchase is that of **Herbalife**, a multi-level marketer of weight management products, nutritional supplements, and personal care products. Since May of last year, the stock price dropped by more than 50% from its high, and today Herbalife trades at less than 8x forward earnings. At the same time, Herbalife's business is characterized by limited capital requirements, significant topline revenue growth, a healthy balance sheet, and attractive profit margins; the company also returns to investors the cash generated from operations in the form of stock buybacks and dividends.

One more comment on Herbalife: KPMG, its auditor and one of the Big Four accounting firms, recently announced it had fired its partner in charge of Herbalife and severed its relationship with the company. Essentially, KPMG believed that it could no longer maintain its independence after KPMG's breach of its fiduciary duty to its client. Apparently, the lead KPMG partner had leaked inside information about Herbalife (and a number of other companies) to a friend, who subsequently traded on the information. The onus now is on Herbalife to obtain a new auditor to examine its books, a process which could take a year or more. This introduces an additional element of uncertainty for Herbalife investors, but we do not think these events impact the value of the company. We are happy to own the company's common stock at current prices, but, needless to say, we will be carefully monitoring developments as they unfold.

We would like to make one last comment about portfolio asset allocation. While gold bullion has performed admirably since the 2007 stock market peak, as of the writing of this letter, the price of gold is down 25%+ from its August 2011 high. It is reasonable to ask why we would maintain this position in the face of this price weakness. Our answer is that the fundamental reasons for owning gold have not changed. One of the outcomes of the Credit Crisis was the deterioration of the balance sheets of most developed countries (as highlighted in our comparison table on page 2), a process that continues today. To combat massive budget deficits and a weak business environment, central bankers cut short-term interest rates and employed quantitative easing on a massive scale. Historically, these sorts of inflationary monetary policies have driven gold prices far higher, albeit not in a straight line, and this era so far has been no different.

Once again, we thank you for the privilege of allowing us to manage part of your investment portfolio through the Appleseed Fund. This privilege is a responsibility we treat with the utmost seriousness.

Sincerely,

Ronald Strauss, CFA    William Pekin, CFA    Adam Strauss, CFA

Richard Singer, CFA    Joshua Strauss, CFA

*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.*

*At the end of the Fund's reporting period on March 31, 2013, Microsoft (MSFT) represented 3.3%, Herbalife (HLF) represented 0.0%, Albany Research (AMRI) represented 0.0%, Dr. Ci: Labo (Tokyo: 4924) represented 0.0%, Suzuki Motors (Tokyo: 7269) represented 0.0%, Toyo Tanso (Tokyo: 5310) represented 0.4%, Vistaprint (VPRT) represented 2.5%, Omega Protein (OME) represented 0.6%, Shimano (7309-JP) represented 0.9%, and Staples (SPLS) represented 2.6% of the portfolio, respectively.*

*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** – (Unaudited)

**Total Returns***
(For the periods ended March 31, 2013)

| | | | ***Average Annual Returns*** | |
|---|---|---|---|---|
| | ***6 Months*** | ***One Year*** | ***Five Years*** | ***Since Inception**** |
| Appleseed Fund - Investor Class | 12.85% | 14.61% | 12.96% | 8.32% |
| S&P 500® Index ** | 10.19% | 13.96% | 5.81% | 3.97% |

Total annual operating expenses, as disclosed in the Fund's prospectus dated January 28, 2013, were 1.61% of average daily net assets for the Investor Class (1.35% after fee waivers/expense reimbursements by the Adviser). The Adviser has contractually agreed to cap certain operating expenses of the Fund through January 31, 2014.

**Total Returns***
(For the periods ended March 31, 2013)

| | | | ***Average Annual Returns*** |
|---|---|---|---|
| | ***6 Months*** | ***One Year*** | ***Since Inception**** |
| Appleseed Fund - Institutional Class | 13.07% | 14.91% | 10.99% |
| S&P 500® Index ** | 10.19% | 13.96% | 12.47% |

Total annual operating expenses, as disclosed in the Fund's prospectus dated January 28, 2013, were 1.36% of average daily net assets for the Institutional Class (1.10% after fee waivers/expense reimbursements by the Adviser). The Adviser has contractually agreed to cap certain operating expenses of the Fund through January 31, 2014.

***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.*

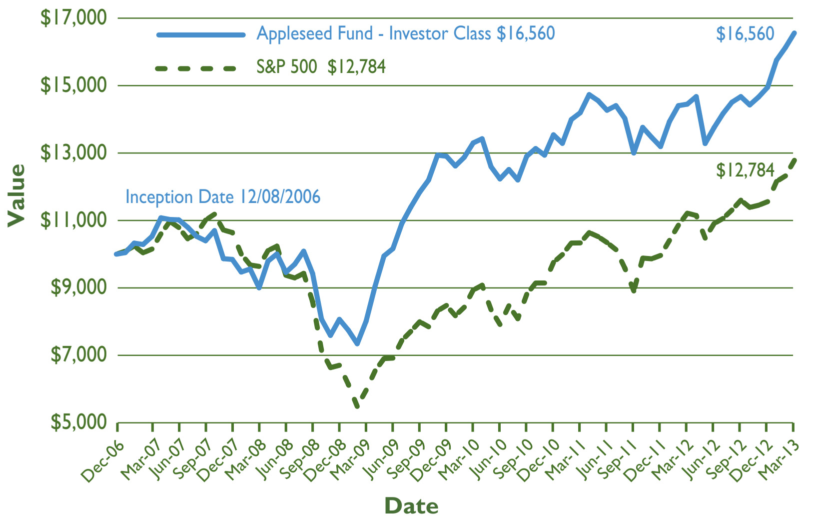
** *The Investor Class commenced operations on December 8, 2006. The Institutional class commenced operations on January 31, 2011.*

*** *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, Inc., member FINRA.***

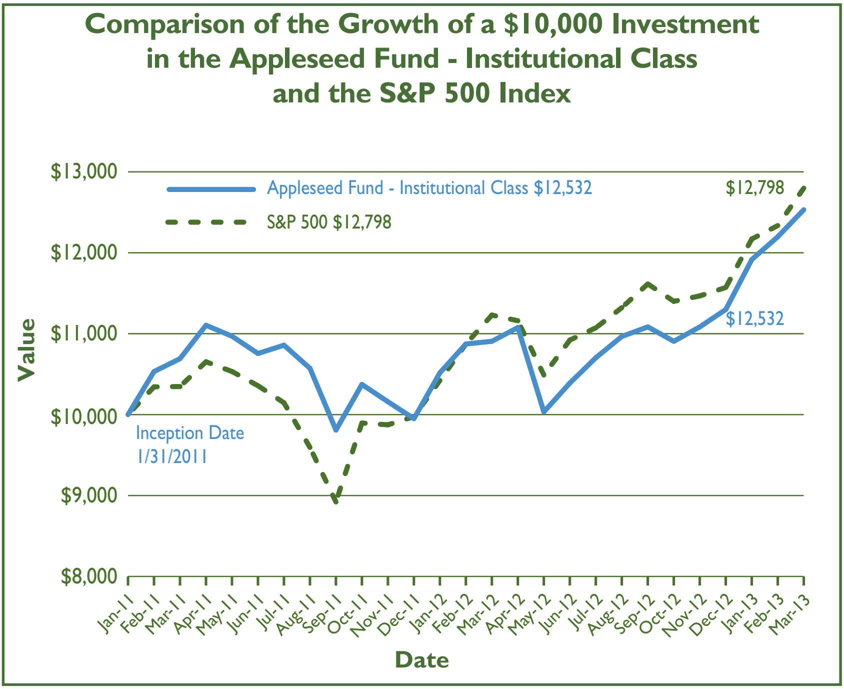
**Comparison of the Growth of a $10,000 Investment in the Appleseed Fund - Investor Class and the S&P 500 Index**




*The chart above assumes an initial investment of $10,000 made on December 8, 2006 (commencement of operations) for the Investor Class and held through March 31, 2013. 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.***




*The chart above assumes an initial investment of $10,000 made on January 31, 2011 (commencement of operations) for the Institutional Class and held through March 31, 2013. 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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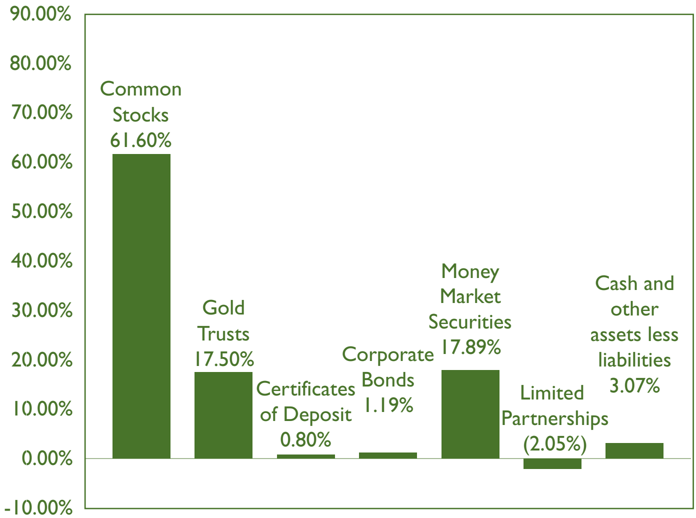
# FUND HOLDINGS

**Fund Holdings** – (Unaudited)

**Appleseed Fund Holdings as of March 31, 2013[1]**




[1] *As a percentage 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. The investment objective of the Appleseed Fund is long-term capital appreciation.

**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.

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, 2012 to March 31, 2013.

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 The 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.

# FUND EXPENSES – continued (Unaudited)

| *Appleseed Fund - Investor Class* | *Beginning Account Value October 1, 2012* | *Ending Account Value March 31, 2013* | *Expenses Paid During the Period October 1, 2012 – March 31, 2013** |
|---|---|---|---|
| Actual | $1,000.00 | $1,128.50 | $6.88 |
| Hypothetical (5% return before expenses) | $1,000.00 | $1,018.47 | $6.52 |

* Expenses are equal to the Investor Class annualized expense ratio of 1.30%, multiplied by the average account value over the period, multiplied by 182/365 (to reflect the one-half year period).

| *Appleseed Fund - Institutional Class* | *Beginning Account Value October 1, 2012* | *Ending Account Value March 31, 2013* | *Expenses Paid During the Period October 1, 2012 – March 31, 2013** |
|---|---|---|---|
| Actual | $1,000.00 | $1,130.70 | $5.55 |
| Hypothetical (5% return before expenses) | $1,000.00 | $1,019.72 | $5.26 |

* Expenses are equal to the Institutional Class annualized expense ratio of 1.05%, multiplied by the average account value over the period, multiplied by 182/365 (to reflect the one-half year period).

# APPLESEED FUND
# SCHEDULE OF INVESTMENTS

March 31, 2013 (Unaudited)

| Common Stocks - 61.60% | Shares | Fair Value |
|---|---|---|
| ***Business Services - 3.57%*** | | |
| Staples, Inc. | 551,280 | $ 7,403,690 |
| Sykes Enterprises, Inc. (a) | 160,613 | 2,563,383 |
| | | 9,967,073 |
| ***Consumer Discretionary - 1.35%*** | | |
| Shimano, Inc. (b) | 46,300 | 3,782,004 |
| ***Consumer Staples - 15.94%*** | | |
| Avon Products, Inc. | 497,405 | 10,311,206 |
| Female Health Co. / The | 37,600 | 272,224 |
| John B. Sanfilippo & Son, Inc. | 609,720 | 12,182,206 |
| Omega Protein Corp. (a) | 150,683 | 1,619,842 |
| Tesco, plc (b) | 3,479,000 | 20,155,981 |
| | | 44,541,459 |
| ***Energy - 5.24%*** | | |
| Nabors Industries, Ltd. (b) | 749,802 | 12,161,788 |
| Noble Corp. (b) | 65,384 | 2,494,400 |
| | | 14,656,188 |
| ***Financials - 9.51%*** | | |
| Aon PLC (b) | 53,311 | 3,278,627 |
| Western Union Co. | 930,993 | 14,002,135 |
| Willis Group Holdings PLC (b) | 235,550 | 9,301,870 |
| | | 26,582,632 |
| ***Health Care Services - 1.22%*** | | |
| PDI, Inc. (a) | 576,828 | 3,403,285 |
| ***Industrials - 3.45%*** | | |
| Mabuchi Motor Co., Ltd. (b) | 160,900 | 8,659,370 |
| Toyo Tanso Co. Ltd. (b) | 40,700 | 996,938 |
| | | 9,656,308 |
| ***Information Technology - 5.79%*** | | |
| Microsoft Corp. | 324,850 | 9,293,959 |
| VistaPrint NV (a) (b) | 178,098 | 6,885,269 |
| | | 16,179,228 |

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

# APPLESEED FUND
# SCHEDULE OF INVESTMENTS – continued

March 31, 2013 (Unaudited)

| Common Stocks - 61.60% – continued | Principal Amount / Shares | Fair Value |
|---|---|---|
| ***Materials - 4.47%*** | | |
| Sealed Air Corp. | 517,909 | $ 12,486,786 |
| ***Pharmaceuticals - 3.39%*** | | |
| Novartis AG (b) (c) (h) | 132,950 | 9,471,358 |
| ***Real Estate - 1.10%*** | | |
| Pico Holdings, Inc. (a) | 138,054 | 3,064,799 |
| ***Technology - 2.70%*** | | |
| Google, Inc. - Class A (a) | 9,500 | 7,543,285 |
| ***Telecommunication Services - 3.87%*** | | |
| SK Telecom Co., Ltd. (b) (c) | 604,778 | 10,807,383 |
| ***TOTAL COMMON STOCKS*** | | |
| ***(Cost $140,858,975)*** | | 172,141,788 |
| ***Gold Trusts - 17.50%*** | | |
| Central Gold Trust (a) (b) (e) (f) | 243,991 | 14,500,385 |
| ETFS Gold Trust (a) (d) | 29,000 | 4,566,479 |
| SPDR Gold Trust (a) (d) | 24,700 | 3,814,915 |
| Sprott Physical Gold Trust (a) (b) (e) (f) | 1,922,710 | 26,014,266 |
| ***TOTAL GOLD TRUSTS*** | | |
| ***(Cost $46,673,075)*** | | 48,896,045 |
| | **Principal Amount** | |
| ***Certificates of Deposit - 0.80%*** | | |
| Pacific Coast Bank, 0.100%, 04/18/2013 | $ 250,015 | 250,015 |
| Pacific Coast Bank, 0.070%, 06/06/2013 | 500,000 | 500,000 |
| Self-Help Federal Credit Union, 0.500%, 05/24/2013 | 252,338 | 252,338 |
| Self-Help Federal Credit Union, 0.500%, 05/28/2013 | 252,355 | 252,355 |
| University Bank, 0.050%, 04/04/2013 | 500,062 | 500,062 |
| University Bank, 0.115%, 04/03/2013 | 250,000 | 250,000 |
| New Resource, 0.050%, 05/18/2013 | 249,000 | 249,000 |
| ***TOTAL CERTIFICATES OF DEPOSIT*** | | |
| ***(Cost $2,253,770)*** | | 2,253,770 |

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

March 31, 2013 (Unaudited)

| | Principal Amount | Fair Value |
|---|---|---|
| ***Corporate Bonds - 1.19%*** | | |
| Western Union Co. / The, 5.930%, 10/01/2016 ..... | $3,000,000 | $ 3,315,888 |
| ***TOTAL CORPORATE BONDS (Cost $3,308,036)*** ........................ | | 3,315,888 |
| | **Shares** | |
| ***Money Market Securities - 17.89%*** | | |
| Federated Government Obligations Fund - Institutional Shares, 0.01% (g) .................. | 49,987,636 | 49,987,636 |
| **TOTAL MONEY MARKET SECURITIES (Cost $49,987,636)** ........................ | | 49,987,636 |
| **TOTAL INVESTMENTS - LONG - (Cost $243,081,492) - 98.98%** ............... | | $276,595,127 |
| **TOTAL INVESTMENTS - SHORT - (Proceeds Received $4,472,130) - (2.05%)** ..... | | $ (5,732,713) |
| **Cash and other assets less liabilities - 3.07%** ..... | | 8,585,773 |
| **TOTAL NET ASSETS - 100.00%** ................... | | $279,448,187 |

(a) Non-income producing
(b) Foreign security denominated in U.S. dollars
(c) American Depositary Receipt
(d) Exchange-Traded Fund
(e) Closed-End Mutual Fund
(f) Passive Foreign Investment Company
(g) Variable rate security; the money market rate shown represents the rate at March 31, 2013.
(h) All or a portion of this security is held for collateral for securities sold short. The total fair value of this collateral on March 31, 2013 is $8,548,800.

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

# APPLESEED FUND
# SCHEDULE OF SECURITIES SOLD SHORT

March 31, 2013 (Unaudited)

| **Limited Partnerships - (2.05%)** | **Shares** | **Fair Value** |
|---|---|---|
| US Natural Gas Fund, L.P. | (262,007) | $ (5,732,713) |
| ***TOTAL LIMITED PARTNERSHIPS*** | | |
| (Proceeds Received $4,472,130) | | (5,732,713) |

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

# APPLESEED FUND
# FUTURES CONTRACTS

March 31, 2013 (Unaudited)

| Short Futures Contracts | Number of (Short) Contracts | Underlying Face Amount at Fair Value | Unrealized Appreciation (Depreciation) |
|---|---|---|---|
| British Pound Currency Futures Contract June 2013 | (200) | $(18,956,250) | $ (317,031) |
| Euro Currency Futures Contract June 2013 | (101) | (16,189,038) | 291,451 |
| Japanese Yen Currency Futures Contract June 2013 | (87) | (11,563,388) | (255,820) |
| **Total Short Futures Contracts** | (388) | | $ (281,400) |

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

# APPLESEED FUND
# STATEMENT OF ASSETS AND LIABILITIES
March 31, 2013 (Unaudited)

| | |
|---|---|
| ***Assets*** | |
| Investments in securities, at fair value (Cost $243,081,492) | $276,595,127 |
| Cash restricted at broker | 4,183,680 |
| Cash held at broker (a) | 693,450 |
| Receivable for investments sold | 2,063,155 |
| Receivable for fund shares purchased | 283,898 |
| Dividends receivable | 905,852 |
| Interest receivable | 89,893 |
| Foreign currency | 1,474,768 |
| Prepaid expenses | 36,661 |
| ***Total assets*** | 286,326,484 |
| ***Liabilities*** | |
| Investment securities sold short, at value (proceeds $4,472,130) | 5,732,713 |
| Payable to Adviser (b) | 181,597 |
| Payable for investments purchased | 671,437 |
| Payable for fund shares redeemed | 35,419 |
| Payable for net variation margin on futures contracts | 139,225 |
| Payable for Administration Plan fees, Investor Class (b) | 48,339 |
| Payable to administrator, fund accountant, and transfer agent (b) | 35,764 |
| Payable to custodian | 7,273 |
| Payable to trustees and officers | 680 |
| Other accrued expenses | 25,850 |
| ***Total liabilities*** | 6,878,297 |
| ***Net Assets*** | $279,448,187 |
| ***Net Assets consist of:*** | |
| Paid in capital | $240,537,703 |
| Accumulated undistributed net investment income (loss) | (3,836,571) |
| Accumulated undistributed net realized gain (loss) from investment transactions | 10,772,019 |
| Net unrealized appreciation (depreciation) on: | |
| Investment securities and Securities Sold Short | 32,253,051 |
| Foreign currency translation | 3,385 |
| Futures contracts | (281,400) |
| ***Net Assets*** | $279,448,187 |
| ***Net Assets: Investor Class*** | $233,210,887 |
| ***Shares outstanding*** (unlimited number of shares authorized) | 16,442,515 |
| Net asset value and offering price per share | $ 14.18 |
| Redemption price per share ($13.07 * 98%) (c) | $ 13.90 |
| ***Net Assets: Institutional Class*** | $ 46,237,300 |
| ***Shares outstanding*** (unlimited number of shares authorized) | 3,250,039 |
| Net asset value and offering price per share | $ 14.23 |
| Redemption price per share ($13.09 * 98%) (c) | $ 13.95 |

(a) Cash used as collateral for futures contract transactions.

(b) See Note 5 in the Notes to the Financial Statements

(c) 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, 2013 (Unaudited)

| | |
|---|---|
| ***Investment Income*** | |
| Dividend income (net of withholding tax $158,844) | $ 2,614,014 |
| Interest income | 27,842 |
| ***Total Income*** | 2,641,856 |
| ***Expenses*** | |
| Investment Adviser fee (a) | 1,240,895 |
| Administration plan fee, Investor Class (a) | 262,968 |
| Administration expenses (a) | 77,071 |
| Transfer agent expenses (a) | 49,197 |
| Fund accounting expenses (a) | 40,384 |
| Printing expenses | 23,014 |
| Custodian expenses | 22,856 |
| Registration expenses | 20,925 |
| Legal expenses | 15,693 |
| Auditing expenses | 8,867 |
| Trustee expenses | 5,401 |
| Insurance expenses | 4,611 |
| CCO expenses | 4,511 |
| Miscellaneous expenses | 3,196 |
| Pricing expenses | 1,077 |
| 24f-2 expenses | 612 |
| Other expense - short sale and interest expense | 71,887 |
| ***Total Expenses*** | 1,853,165 |
| Less: Fees waived & expenses reimbursed by Adviser (a) | (291,284) |
| Net operating expenses | 1,561,881 |
| ***Net Investment Income*** | 1,079,975 |
| ***Realized & Unrealized Gain (Loss) on Investments*** | |
| Net realized gain (loss) on: | |
| Investment securities | 7,439,747 |
| Foreign currency translations | (96,770) |
| Futures contracts | 4,646,378 |
| Change in unrealized appreciation (depreciation) on: | |
| Investment securities | 18,082,252 |
| Securities sold short | (94,264) |
| Foreign currency translations | 1,363 |
| Futures contracts | (265,585) |
| Net realized and unrealized gain (loss) on investment securities foreign currency translations, & futures contracts | 29,713,121 |
| ***Net increase (decrease) in net assets resulting from operations*** | $30,793,096 |

(a) See Note 5 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, 2013 (Unaudited)* | *Year Ended September 30, 2012* |
|---|---|---|
| ***Operations*** | | |
| Net investment income (loss) | $ 1,079,975 | $ 862,203 |
| Long term capital gain distributions from real estate investment trusts | — | 111,379 |
| Net realized gain (loss) on investment securities, securities sold short, foreign currency translations, & futures contracts | 11,989,355 | 5,179,170 |
| Change in unrealized appreciation (depreciation) on investment securities, securities sold short, foreign currency translations, & futures contracts | 17,723,766 | 18,366,824 |
| Net increase (decrease) in net assets resulting from operations | 30,793,096 | 24,519,576 |
| ***Distributions*** | | |
| From net investment income, Investor Class | (3,549,991) | (1,847,227) |
| From net realized gains, Investor Class | (4,363,755) | (9,157,179) |
| From net investment income, Institutional Class | (618,297) | (158,108) |
| From net realized gains, Institutional Class | (760,029) | (647,000) |
| Total distributions | (9,292,072) | (11,809,514) |
| ***Capital Share Transactions - Investor Class*** | | |
| Proceeds from Fund shares sold | 35,388,682 | 90,849,853 |
| Proceeds from redemption fees collected (a) | 6,803 | 90,553 |
| Reinvestment of distributions | 7,770,528 | 10,842,527 |
| Amount paid for Fund shares redeemed | (33,236,194) | (77,001,213) |
| Net increase (decrease) in net assets resulting from Investor Class capital share transactions | 9,929,819 | 24,781,720 |
| ***Capital Share Transactions - Institutional Class*** | | |
| Proceeds from Fund shares sold | 10,331,411 | 21,335,752 |
| Proceeds from redemption fees collected (a) | 422 | 1,848 |
| Reinvestment of distributions | 1,362,683 | 804,808 |
| Amount paid for Fund shares redeemed | (1,905,234) | (2,223,049) |
| Net increase (decrease) in net assets resulting from Institutional capital share transactions | 9,789,282 | 19,919,359 |
| ***Total Increase (Decrease) in Net Assets*** | 41,220,125 | 57,411,141 |

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

# APPLESEED FUND
# STATEMENTS OF CHANGES IN NET ASSETS – continued

| | Six Months Ended March 31, 2013 (Unaudited) | Year Ended September 30, 2012 |
|---|---|---|
| ***Net Assets*** | | |
| Beginning of period | 238,228,062 | 180,816,921 |
| End of period | $279,448,187 | $238,228,062 |
| Accumulated undistributed net investment loss included in net assets at end of period | $(3,836,571) | $(748,258) |
| ***Capital Share Transactions - Investor Class*** | | |
| Shares sold | 2,642,137 | 7,205,122 |
| Shares issued in reinvestment of distributions | 609,453 | 919,637 |
| Shares repurchased | (2,517,253) | (6,129,558) |
| Net increase (decrease) in Investor Class shares outstanding | 734,337 | 1,995,201 |
| ***Capital Share Transactions - Institutional Class*** | | |
| Shares sold | 767,909 | 1,672,461 |
| Shares issued in reinvestment of distributions | 106,543 | 68,262 |
| Shares repurchased | (144,614) | (180,675) |
| Net increase (decrease) in Institutional Class shares outstanding | 729,838 | 1,560,048 |

(a) The Fund charges a 2% redemption fee on shares redeemed within 90 calendars 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 – INVESTOR CLASS
# FINANCIAL HIGHLIGHTS

(For a share outstanding during each period)

| | For the Six Months Ended March 31, 2013 (Unaudited) | Year ended September 30, 2012 |
|---|---|---|
| ***Selected Per Share Data:*** | | |
| Net asset value, beginning of period | $ 13.07 | $ 12.32 |
| Income from investment operations: | | |
| Net investment income (loss) | 0.06(c) | 0.05(c) |
| Net realized and unrealized gain (loss) on investments | 1.56 | 1.44 |
| Total from investment operations | 1.62 | 1.49 |
| Less distributions to shareholders: | | |
| From net investment income | (0.23) | (0.12) |
| From net realized gain | (0.28) | (0.63) |
| Total distributions | (0.51) | (0.75) |
| Paid in capital from redemption fees | —(e) | 0.01 |
| Net asset value, end of period | $ 14.18 | $ 13.07 |
| ***Total Return (f)*** | 12.85%(g) | 12.86% |
| ***Ratios and Supplemental Data:*** | | |
| Net assets, end of period (000) | $ 233,211 | $ 205,232 |
| Ratio of net expenses to average net assets (l) | 1.30%(h)(p) | 1.25%(o) |
| Ratio of net expenses to average net assets before reimbursement & federal income taxes (l) | 1.53%(h) | 1.52% |
| Ratio of net investment income (loss) to average net assets (l) | 0.83%(h) | 0.38% |
| Ratio of net investment income (loss) to average net assets before reimbursement & federal income taxes (l) | 0.60%(h) | 0.11% |
| Portfolio turnover rate | 23.64%(g) | 76.27% |

(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.

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

| *Year ended September 30, 2011* | *Year ended September 30, 2010* | *Period ended September 30, 2009(a)* | *Year ended November 30, 2008* | *Period ended November 30, 2007(b)* |
|---|---|---|---|---|
| $ 12.45 | $ 11.46 | $ 7.44 | $ 9.85 | $ 10.00 |
| 0.04 | 0.07(c) | 0.07(c) | 0.22(c) | 0.12 |
| 0.06(n) | 0.95 | 4.04 | (2.46) | (0.26) |
| 0.10 | 1.02 | 4.11 | (2.24) | (0.14) |
| (0.12) | (0.02) | (0.09) | (0.17) | (0.02) |
| (0.11) | (0.02) | — | —(d) | — |
| (0.23) | (0.04) | (0.09) | (0.17) | (0.02) |
| —(e) | 0.01 | —(e) | —(e) | 0.01 |
| $ 12.32 | $ 12.45 | $ 11.46 | $ 7.44 | $ 9.85 |
| 0.74% | 9.03% | 55.95%(g) | (23.07)% | (1.33)%(g) |
| $168,961 | $ 125,686 | $ 55,905 | $ 8,992 | $ 6,501 |
| 1.24%(m) | 1.24% | 1.17%(h)(k) | 0.90% | 0.90%(h) |
| 1.48% | 1.32% | 2.02%(h) | 3.09% | 3.52%(h)(i) |
| 0.25% | 0.54% | 0.87%(h) | 2.40% | 1.40%(h) |
| 0.01% | 0.46% | 0.02%(h) | 0.21% | (1.22)%(h)(j) |
| 68.05% | 61.48% | 40.54%(g) | 127.63% | 27.07%(g) |

(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.

(m) Effective January 28, 2011, the Adviser has contractually agreed to cap the Fund's expenses at 0.99% excluding fees paid pursuant to an Administrative Services Plan. Prior to January 28, 2011, the Fund's expense cap was 1.24%. Also effective January 28, 2011, the Fund adopted an Administrative Services Plan with respect to Investor Class shares, pursuant to which the Fund pays an annual fee equal to 0.25% of the average daily net assets of the Investor Class shares.

(n) Realized and unrealized gains and losses per share in this caption are balancing amounts necessary to reconcile the change in net asset value per share in the period. It does not agree to the aggregate gains and losses in the Statement of Operations due to the fluctuation in share transactions.

(o) Includes short sale and interest expense of 0.01% for 2012.

(p) Includes short sale and interest expense of 0.06% for the period ended March 31, 2013.

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

# APPLESEED FUND – INSTITUTIONAL CLASS FINANCIAL HIGHLIGHTS

(For a share outstanding during each period)

| | For the Six Months Ended March 31, 2013 (Unaudited) | Year Ended September 30, 2012 | For the Period Ended September 30, 2011 (a) |
|---|---|---|---|
| ***Selected Per Share Data*** | | | |
| Net asset value, beginning of period | $ 13.09 | $ 12.35 | $ 12.59 |
| ***Income from investment operations:*** | | | |
| Net investment income | 0.04(c) | 0.08(c) | 0.05(c) |
| Net realized and unrealized gain (loss) on investments | 1.61 | 1.44 | (0.30) |
| Total from investment operations | 1.65 | 1.52 | (0.25) |
| ***Less Distributions to shareholders:*** | | | |
| From net investment income | (0.23) | (0.15) | — |
| From net realized gain | (0.28) | (0.63) | — |
| Total distributions | (0.51) | (0.78) | — |
| Paid in capital from redemption fees | —(g) | —(g) | 0.01 |
| Net asset value, end of period | $ 14.23 | $ 13.09 | $ 12.35 |
| ***Total Return (b)*** | 13.07%(d) | 13.00% | (1.91)%(d) |
| ***Ratios and Supplemental Data*** | | | |
| Net assets, end of period (000) | $ 46,237 | $ 32,996 | $ 11,856 |
| Ratio of expenses to average net assets (f) | 1.05%(e)(i) | 1.01%(h) | 0.99%(e) |
| Ratio of expenses to average net assets before waiver and reimbursement (f) | 1.28%(e) | 1.27% | 1.34%(e) |
| Ratio of net investment income (loss) to average net assets (f) | 0.59%(e) | 0.64% | 0.58%(e) |
| Ratio of net investment income (loss) to average net assets before waiver and reimbursement (f) | 0.36%(e) | 0.38% | 0.23%(e) |
| Portfolio turnover rate | 23.64%(d) | 76.27% | 68.05%(d) |

(a) For the period January 31, 2011 (commencement of operations) through September 30, 2011.

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

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

(d) Not annualized.

(e) Annualized.

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

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

(h) Includes short sale and interest expense of 0.02% for 2012.

(i) Includes short sale and interest expense of 0.06% for the period ended March 31, 2013.

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

## 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'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.

The Fund currently offers two classes of shares, Investor Class and Institutional Class. Investor shares were first offered to the public on December 8, 2006; and Institutional shares were first offered to the public on January 31, 2011. Each share represents an equal proportionate interest in the assets and liabilities belonging to the Fund and is entitled to such dividends and distributions out of income belonging to the Fund as are declared by the Board. The primary difference between the two classes is attributable to the administrative service fee arrangements for the Investor Class. On matters that affect the Fund as a whole, each class has the same voting and other rights and preferences as any other class. On matters that affect only one class, only shareholders of that class may vote. Each class votes separately on matters affecting only that class, or on matters expressly required to be voted on separately by state or federal law. Shares of each class of a series have the same voting and other rights and preferences as the other classes and series of the Trust for matters that affect the Trust as a whole. The Fund may offer additional classes of shares in the future.

*Non-Diversification Risk* – The Fund is non-diversified, which means it may invest a greater percentage of its assets in a fewer number of stocks as compared to other mutual funds that are more broadly diversified. As a result, the Fund's share price may be more volatile than the share price of some other mutual funds, and the poor performance of an individual stock in the Fund's portfolio may have a significant negative impact on the Fund's performance.

## 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.

*Foreign Currency Translation* – Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars based on exchange rates on the following basis: a) the fair values of investment securities and other assets and liabilities are translated at the closing rate of exchange each day and b) purchases and sales of investment securities and income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. The Fund isolates the portion of the results of operations from changes in foreign exchange rates on investments from those resulting from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gains and losses from foreign currency transactions. Reported net realized foreign currency transaction gains or losses arise from 1) sales of foreign currencies, 2) currency gains or losses realized between the trade and settlement dates on securities transactions, and 3) the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books, and the U.S. dollar equivalent to the amounts actually received or paid. Reported net unrealized foreign exchange gains or losses arise from changes in the value of assets and liabilities, other than investments, resulting from changes in exchange rates.

*Short Sales* – The Fund may make short sales as part of its overall portfolio management strategies or to offset a potential decline in value of a security. The Fund may engage in short sales with respect to various types of securities, including Exchange Traded Funds (ETFs), and Futures. A short sale involves the sale of a security that is borrowed from a broker or other institution to complete the sale. The Fund may engage in short sales with respect to securities it owns, as well as securities that it does not own. Short sales expose the Fund to the risk that it will be required to acquire, convert or exchange securities to replace the borrowed securities (also known as "covering" the short position) at a time when the securities sold short have appreciated in value, thus resulting in a loss to the Fund. The Fund's investment performance may also suffer if the Fund is required to close out a short position earlier than it had intended. The Fund must segregate assets determined to be liquid in accordance with procedures

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – continued

established by the Board of Trustees, or otherwise cover its position in a permissible manner. The Fund will be required to pledge its liquid assets to the broker in order to secure its performance on short sales. As a result, the assets pledged may not be available to meet the Fund's needs for immediate cash or other liquidity. In addition, the Fund may be subject to expenses related to short sales that are not typically associated with investing in securities directly, such as costs of borrowing and margin account maintenance costs associated with the Fund's open short positions. These types of short sales expenses are sometimes referred to as the "negative cost of carry," and will tend to cause the Fund to lose money on a short sale even in instances where the price of the underlying security sold short does not change over the duration of the short sale. Dividend expenses on securities sold short and borrowing costs are not covered under the Advisor's expense limitation agreement with the Fund and, therefore, these expenses will be borne by the shareholders of the Fund. The Fund's social and environmental screens are not applied to short sales.

*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, 2013, 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 year, 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 2008.

*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). Income, realized gains and losses, unrealized appreciation and depreciation, and Fund-wide expenses not allocated to a particular class shall be

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – continued**

allocated to each class based on the net assets of that class in relation to the net assets of the entire Fund.

*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. Dividend income from Real Estate Investment Trusts (REITS) and distributions from Limited Partnerships are recognized on the ex-date. The calendar year end classification of distributions received from REITS during the fiscal year are reported subsequent to year end; accordingly, the Fund estimates the character of REIT distributions based on the most recent information available. Income or loss from Limited Partnerships is reclassified in the components of net assets upon receipt of K-1's. 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.

*Redemption Fees* – The Fund charges a 2.00% redemption fee for shares redeemed within 90 calendar days of purchase. These fees are deducted from the redemption proceeds otherwise payable to the shareholder. The Fund will retain the fee charged as an increase in paid-in capital and such fees become part of the Fund's daily NAV calculation.

*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

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – continued

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 value per share of the Fund.

## 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 orderly transaction to an independent buyer in the principal or most advantageous market of the investment. Generally Accepted Accounting Principles in the United States of America ("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.)

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

- 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 stocks, exchange-traded funds, gold trusts, limited partnerships, and closed-end funds 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 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.

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

Fixed income securities, including corporate bonds, 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 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), and certificates of deposit, 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.

Futures contracts that the Fund invests in are valued at the settlement price established each day by the board of trade or exchange on which they are traded and when the market is considered active will generally be categorized as Level 1 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,

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

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 Fund invests in may default or otherwise cease to have market quotations readily available.

The following is a summary of the inputs used to value the Fund's investments as of March 31, 2013:

| | *Valuation Inputs* | | | |
|---|---|---|---|---|
| ***Assets*** | ***Level 1 – Quoted Prices in Active Markets*** | ***Level 2 – Other Significant Observable Inputs*** | ***Level 3 – Significant Unobservable Inputs*** | ***Total*** |
| Common Stocks* | $172,141,788 | $ — | $ — | $172,141,788 |
| Gold Trusts | 48,896,045 | — | — | 48,896,045 |
| Certificates of Deposit | — | 2,253,770 | — | 2,253,770 |
| Corporate Bonds | — | 3,315,888 | — | 3,315,888 |
| Money Market Securities | 49,987,636 | — | — | 49,987,636 |
| Total | $271,025,469 | $5,569,658 | $ — | $276,595,127 |

* Refer to Schedule of Investments for industry classifications.

| | *Valuation Inputs* | | | |
|---|---|---|---|---|
| ***Liabilities*** | ***Level 1 – Quoted Prices in Active Markets*** | ***Level 2 – Other Significant Observable Inputs*** | ***Level 3 – Significant Unobservable Inputs*** | ***Total*** |
| Limited Partnerships | $(5,732,713) | $ — | $ — | $(5,732,713) |
| Short Futures Contracts* | (281,400) | — | — | $(281,400) |
| Total | $(6,014,113) | $ — | $ — | $(6,014,113) |

* The amount shown represents the gross unrealized depreciation of the futures contracts.

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

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 Trust recognizes transfers between fair value hierarchy levels at the reporting period end. There were no transfers between any Levels for the period ended March 31, 2013.

## NOTE 4. DERIVATIVE TRANSACTIONS

*Currency Futures Contracts* – The Appleseed Fund entered into currency futures contracts (long and short) to hedge its foreign currency exposure during the fiscal period. A currency futures contract involves an obligation to purchase or sell a specific currency at a future date. Such contracts are used to sell unwanted currency exposure that comes from holding securities in a market, or to buy currency exposure where the exposure from holding securities is insufficient to provide the desired currency exposure. The contracts are marked to market daily and change in value is recorded as unrealized appreciation or depreciation. When a currency futures contract is closed, the Fund records a realized gain or loss equal to the difference between the value at the time it was opened and the value at the time it was closed. The Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts and from unanticipated movements in the currency exchange rates. Cash held at broker as of March 31, 2013 is held for collateral for futures transactions and is restricted from withdrawal.

The following tables present a summary of the fair value of derivative instruments, not accounted for as hedging instruments as of March 31, 2013 and the effect of derivative instruments on the Statement of Operations for the period ended March 31, 2013.

At March 31, 2013:

| ***Derivatives*** | ***Location of Derivatives on Statements of Assets & Liabilities*** | |
|---|---|---|
| Short currency futures contracts | Payable for net variation margin on futures contracts | $139,225 |

## NOTE 4. DERIVATIVE TRANSACTIONS – continued

For the six months ended March 31, 2013:

| Derivatives | Location of Gain (Loss) on Derivatives on Statements of Operations | Contracts Sold Short | Contracts Closed | Realized Gain (Loss) on Derivatives | Change in Unrealized Appreciation (Depreciation) on Derivatives |
|---|---|---|---|---|---|
| Foreign Exchange Risk: Short currency futures contracts | Net realized and unrealized gain (loss) on currency futures contracts | 784 | 794 | $4,646,378 | $(265,585) |

## NOTE 5. 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, 2013, before the waiver described below, the Adviser earned a fee of $1,240,895 from the Fund. The Adviser has contractually agreed to waive its management fee and/or reimburse certain Fund operating expenses through January 31, 2014, so that the total annual Fund operating expenses, excluding brokerage fees and commissions, fees paid pursuant to the Administrative Services Plan (Investor Class only), borrowing costs (such as interest and dividend expense on securities sold short), taxes, any indirect expenses such as expenses incurred by other investment companies in which the Fund may invest, any 12b-1 fees, and extraordinary expenses do not exceed 0.99% of the Fund’s average daily net assets. For the six months ended March 31, 2013, the Adviser waived fees of $291,284. At March 31, 2013, the Adviser was owed $181,597 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 of the waiver and any expense limitation in place at the time of repayment. The amounts subject to repayment by the Fund, pursuant to the aforementioned conditions, at September 30, 2012 are as follows:

| *Amount* | *Recoverable through September 30,* |
|---|---|
| $91,650 | 2013 |
| $380,938 | 2014 |
| $573,176 | 2015 |

## NOTE 5. FEES AND OTHER TRANSACTIONS WITH AFFILIATES – continued

For the six months ended March 31, 2013, $291,284 may be subject to potential repayment by the Fund to the Adviser through September 30, 2016.

The Trust retains Huntington Asset Services, Inc. ("HASI"), 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, 2013, HASI earned fees of $77,071 for administrative services provided to the Fund. At March 31, 2013, the Fund owed HASI $14,768 for administrative services. Certain officers of the Trust are members of management and/or employees of HASI. HASI operates as a wholly-owned subsidiary of Huntington Bancshares, Inc., the parent company of the principal Distributor and Huntington National Bank, the former custodian of the Fund's investments.

The Trust retains HASI to act as the Fund's transfer agent and to provide fund accounting services. For the six months ended March 31, 2013, HASI earned fees of $49,197 from the Fund for transfer agent services. For the six months ended March 31, 2013, HASI earned fees of $40,384 from the Fund for fund accounting services. At March 31, 2013, the Fund owed HASI $13,283 for transfer agent services and $7,713 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, 2013. 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 and such person may be deemed to be affiliates of the Distributor.

The Fund has an Administrative Services Plan Fee with respect to Investor Class shares, pursuant to which the Fund pays an annual fee equal to 0.25% of the average daily net assets of the Fund's Investor Class shares to the Adviser to compensate financial intermediaries that provide administrative services to the Investor Class shareholders pursuant to a written agreement with the Fund or the Fund's distributor. Financial intermediaries eligible to receive payments under the Administrative Services Plan Fee include mutual fund supermarkets and other platforms sponsored by any 401(k) plan, bank, trust company or broker-dealer that have entered into an agreement with the Fund or the Fund's distributor to sell the Fund's

**NOTE 5. FEES AND OTHER TRANSACTIONS WITH AFFILIATES – continued**

Investor Class shares. For purposes of the Plan, administrative services include, but are not limited to (i) acting as record holder and nominee of Investor Class shares beneficially owned by the financial intermediary's customers; (ii) providing sub-accounting services to such customers; (iii) processing and issuing confirmations with respect to orders to purchase, redeem or exchange Investor Class shares; (iv) processing dividend payments; and (v) providing periodic account statements. Over time, administrative services fees increase the cost of your investment in the Fund's Investor Class shares because these fees are paid out of the assets of the Investor Class' assets on an on-going basis. For the six months ended March 31, 2013, the Investor Class incurred Service fees of $262,968. At March 31, 2013, $48,339 was owed to the Adviser.

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 up to 0.25% of the average daily net assets of the Fund 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 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, 2014.

## NOTE 6. INVESTMENT TRANSACTIONS

For the six months ended March 31, 2013, purchases and sales of investment securities, other than short-term investments and short securities were as follows:

| | ***Amount*** |
|---|---|
| ***Purchases*** | |
| U.S. Government Obligations | $ — |
| Other | 48,301,340 |
| ***Sales*** | |
| U.S. Government Obligations | $ — |
| Other | 52,979,498 |

At March 31, 2013, the appreciation (depreciation) of investments, net of proceeds for investment securities sold short, and excluding futures contracts for tax purposes, was as follows:

| | |
|---|---|
| Gross Appreciation | $ 29,998,641 |
| Gross (Depreciation) | (10,385,973) |
| Net Appreciation (Depreciation) on Investments | $ 19,612,668 |

At March 31, 2013, the aggregate cost of securities, net of proceeds for securities sold short, for federal income tax purposes, was $251,249,746.

## NOTE 7. 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.

## NOTE 8. 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, 2013, Charles Schwab & Co., for the benefit of its customers, owned 28.99% of the Investor class. As a result, Charles Schwab & Co. may be deemed to control the Investor class. At March 31, 2013, Pershing LLC., for the benefit of its customers, owned 35.83% of the Institutional Class, while Charles Schwab & Co. owned 28.09% of the Institutional class. As a

## NOTE 8. BENEFICIAL OWNERSHIP – continued

result, Pershing LLC and Charles Schwab & Co. may be deemed to control the Institutional Class.

## NOTE 9. DISTRIBUTIONS TO SHAREHOLDERS

On December 24, 2012, an income dividend of $0.2299 per share was made to shareholders of record on December 21, 2012 for the Investor Class. On December 24, 2012, an income dividend of $0.2299 per share was made to shareholders of record on December 21, 2012 for the Institutional Class.

On December 24, 2012, a long-term capital gain of $0.0050 per share was made to shareholders of record on December 21, 2012 for both the Investor Class and Institutional Class.

On December 24, 2012, a short-term capital gain of $0.2776 per share was made to shareholders of record on December 21, 2012 for both the Investor Class and Institutional Class.

The tax characterization of distributions for the fiscal periods ended September 30, 2012 and 2011 were as follows:

| Distributions paid from: | *2012* | *2011* |
|---|---|---|
| Ordinary Income* | $ 4,503,209 | $1,231,390 |
| Long-term Capital Gain | $ 7,306,305 | $1,218,683 |
| | $11,809,514 | $2,450,073 |

* Short term capital gain distributions are treated as ordinary income for tax purposes.

At September 30, 2012, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

| | |
|---|---|
| Undistributed ordinary income | $ 7,203,798 |
| Unrealized appreciation (depreciation) | 10,149,040 |
| Other temporary differences | 56,622 |
| | $17,409,460 |

At September 30, 2012, the difference between book basis and tax basis unrealized appreciation (depreciation) is attributable to the tax deferral of losses on wash sales and basis adjustments for investments in grantor trusts and passive foreign investment companies.

## NOTE 10. CAPITAL LOSS CARRYFORWARDS

As of September 30, 2012, the Fund does not have available any capital loss carryforwards.

## NOTE 11. FOREIGN TAX CREDITS (Unaudited)

During the fiscal year ended September 30, 2012, the fund earned gross foreign source income of $ 2,149,068 and paid foreign taxes of $ 265,811. The fund intends to pass through the maximum foreign tax credit allowable and final amounts will be provided to shareholders on Internal Revenue Service Form 1099-DIV.

## 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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This report is intended only for the information of shareholders or those who have received the Fund's prospectus, which contains information about the Fund's management fee and expenses. Please read the prospectus carefully before investing.

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# PRIVACY POLICY

The following is a description of the Fund's policies regarding disclosure of nonpublic personal information that you provide to the Fund or that the Fund collects from other sources. In the event that you hold shares of the Fund through a broker-dealer or other financial intermediary, the privacy policy of your financial intermediary would govern how your nonpublic personal information would be shared with nonaffiliated third parties.

**Categories of Information the Fund Collects.** The Fund collects the following nonpublic personal information about you:

- Information the Fund receives from you on applications or other forms, correspondence, or conversations (such as your name, address, phone number, social security number, and date of birth); and

- Information about your transactions with the Fund, its affiliates, or others (such as your account number and balance, payment history, cost basis information, and other financial information).

**Categories of Information the Fund Discloses.** The Fund does not disclose any nonpublic personal information about its current or former shareholders to unaffiliated third parties, except as required or permitted by law. The Fund is permitted by law to disclose all of the information it collects, as described above, to service providers (such as the Fund's custodian, administrator, transfer agent, accountant and legal counsel) to process your transactions and otherwise provide services to you.

**Confidentiality and Security.** The Fund restricts access to your nonpublic personal information to those persons who require such information to provide products or services to you. The Fund maintains physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

**Disposal of Information.** The Fund, through its transfer agent, has taken steps to reasonably ensure that the privacy of your nonpublic personal information is maintained at all times, including in connection with the disposal of information that is no longer required to be maintained by the Fund. Such steps shall include, whenever possible, shredding paper documents and records prior to disposal, requiring off-site storage vendors to shred documents maintained in such locations prior to disposal, and erasing and/or obliterating any data contained on electronic media in such a manner that the information can no longer be read or reconstructed.