July 30, 2021

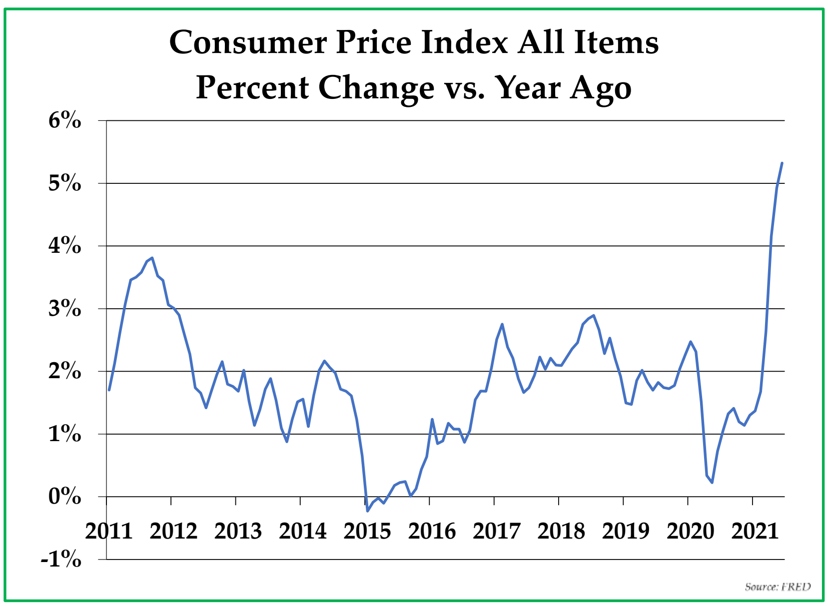
Dear Appleseed Shareholder:

*"Most of the recent rise in inflation appears likely to be transitory,
and FOMC [Federal Open Market Committee] participants
expected inflation to subside in coming quarters
to rates at or below the level of two percent or a bit less."*

— Ben Bernanke, former Federal Reserve Chairman,
Congressional testimony, July 13, 2011.

In July 2011, when Chairman Ben Bernanke provided this testimony to Congress, accelerating inflation was on everyone's minds. Oil prices had risen to above $110 per barrel during the first half of the year, and the cost of filling up a car tank with gasoline had doubled from what it had been just two years earlier. Food prices were rising sharply and served as a catalyst for a series of revolutions across the Middle East, now known as the Arab Spring. The year-over-year increase in the consumer price index ("CPI") reached as high as 3.9%, which was well above the Federal Reserve's long-term inflation target of 2% per year. The inflation worries of both investors and consumers were driven by the increase in prices and the Federal Reserve's ongoing purchases of U.S. Treasuries and mortgage-backed securities, which many (including ourselves) perceived to be inflationary.

Today, oil prices are rising again along with food prices, and the year-over-year increase in the CPI reached 5.3% in June, while the producer price ("PPI") index increase was 7.3%. With this most recent inflation data, Federal Reserve Chairman Jay Powell finally acknowledged that the current inflationary impulse has been stronger than the Fed had previously expected while, at the same time, continuing to insist that it is transitory.



In retrospect, Chairman Bernanke's 2011 call for inflation to be transitory was absolutely correct. Between 2012 and 2016, the year-over-year increase in consumer prices ranged from 0% to 2%. Will Chairman Powell, describing today's inflation impulse as transitory, also turn out to be correct?

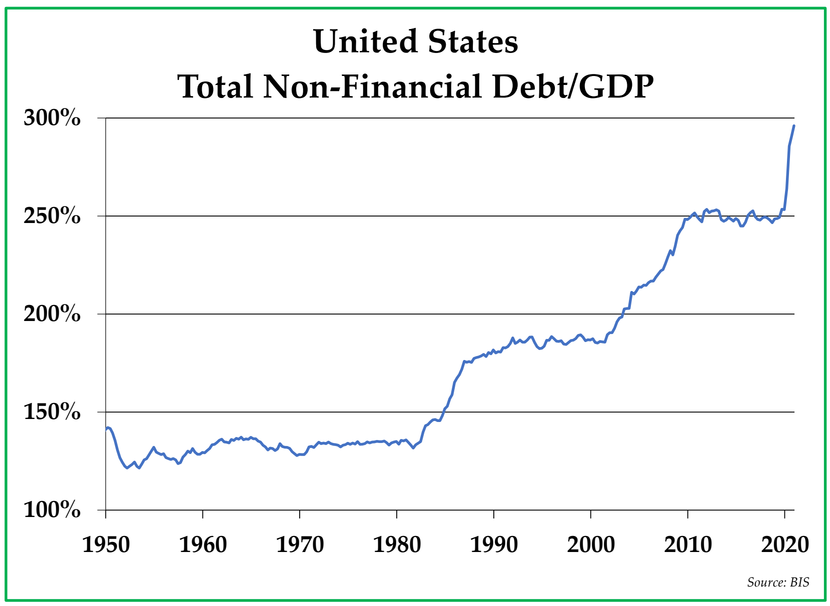
Inflation: Transitory or Longer-Lasting?

The arguments for inflation being transitory seem reasonable enough. First, today's excessive debt levels are inherently deflationary as cash flows must be diverted from investment and consumption, which drive economic growth, towards servicing debts. Second, the current inflationary impulse could be driven by temporary pandemic-related supply chain breakdowns that may soon be fixed. Third, the Federal Reserve is once again using the same monetary stimulus playbook (buying U.S. Treasuries and agency mortgages) that turned out to produce transitory inflation in 2011. Fourth, the economy should continue to benefit from technological innovation, which is inherently deflationary. These are reasonable points, but our view is that the inflationary forces should continue to outweigh these factors.

One of the difficulties with the debate about whether inflation is transitory is that the time frame in question generally remains undefined: how long would "transitory" inflation last? We agree that the CPI may be peaking for this year; however, we expect the inflation rate as measured by the CPI in the second half of the year to remain persistently above 4%. While acknowledging that the CPI will fluctuate in the short-term depending on the business cycle, fiscal spending, and currency exchange rates, we would argue that inflation should remain above 3% on average over the next five years. Despite the disinflationary arguments mentioned above, we expect inflation to persist over the intermediate-term for the following reasons:

1. *Excessive levels of debt*

   Between government debt, corporate debt, and consumer debt, the United States is more indebted today than it has ever been historically, with a total non-financial Debt/GDP ratio of nearly 300%. This excessive debt is a financial time bomb that, left to its own devices, could result in a deflationary bust involving widespread defaults, stock market and housing market crashes, and bank failures. As a result of this genuine and worrisome threat, policymakers are not leaving anything to chance. It has become increasingly clear that a high level of inflation is becoming a policy goal to alleviate indebtedness and the risk of deflationary bust that comes with excessive debt. In our view, this was the policy goal in 2011, too, only policymakers failed at their goal, for reasons that we will explain. The U.S. Debt/GDP ratio has not fallen but has, in fact, risen by about 50% of GDP since then. Today's excessive level of debt, then, is not a driver of inflation per se; however, it is a driver of the government policies that cause inflation.

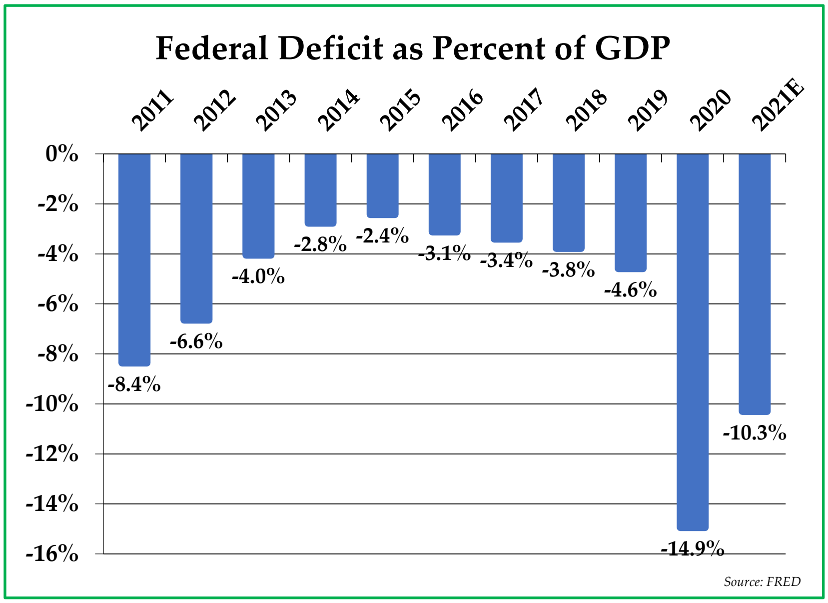


2. *Record fiscal deficit spending combined with record monetary stimulus*

   With serial trillion-dollar-plus stimulus packages starting in the spring of 2020, financed with monthly Treasury bond purchases by the Federal Reserve, the U.S. government and Federal Reserve are, in effect, cooperating to print money and distribute it to consumers to spend in the economy. This is a perfect example of the "helicopter drops" of money famously described by Ben Bernanke in the 2002 anti-deflation speech that earned him his job as Chairman of the Federal Reserve several years later:

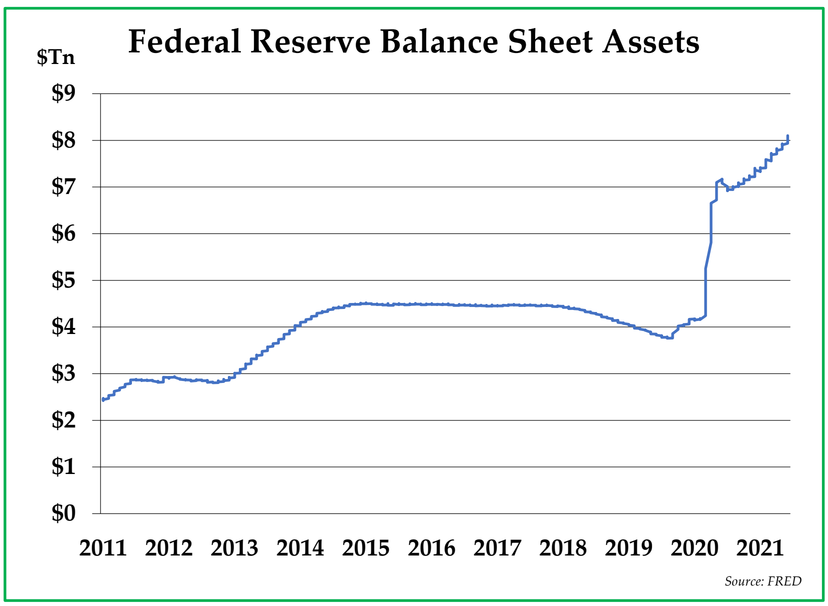
   > In practice, the effectiveness of anti-deflation policy could be significantly enhanced by cooperation between the monetary and fiscal authorities. A broad-based tax cut [not just for the wealthy], for example, accommodated by a program of open-market purchases to alleviate any tendency for interest rates to increase, would almost certainly be an effective stimulant to consumption and hence to prices.

The U.S. fiscal deficit represented 14.9% of GDP in 2020 and is projected by the CBO to be 10.3% of GDP in 2021, while the Federal Reserve has financed this spending with the purchase of over $4 trillion of U.S. Treasury bonds and other financial assets since March 2020. These gargantuan stimuli have been accompanied by the increasing popularity of Modern Monetary Theory among economists, which argues that the only limit to fiscal spending is excessive inflation. With inflation being the only limitation on deficit spending, it might be no wonder, then, that policymakers are describing the current inflationary impulse as transitory.



3. *Deglobalization*

The modern age of globalization began during the Clinton administration with the passage of NAFTA and accelerated during the Bush administration with China joining the World Trade Organization. Free trade policy benefited certain interests, such as multinational corporations, and hurt other interests, such as U.S. manufacturing workers. Free trade also benefited consumers, as the price of imported goods manufactured in countries with cheap currencies and low wages kept price inflation in check.



However, beginning with the Trump administration and continuing with the Biden administration, trade policy is in the midst of a significant paradigm shift. Tariffs and other trade barriers have been erected to protect domestic producers. Companies are reshoring global supply chains, which have shown themselves to be less than completely resilient during the pandemic. The United States is treating more product categories as strategic, from face masks to pharmaceuticals to semiconductors, and is working to bring the manufacturing of such products back to the United States. Finally, China, the biggest exporter to the world, is increasingly perceived by the developed world as an adversary rather than a trading partner. Just as the globalization of supply chains has been disinflationary due to a decline in labor input costs over the past two decades, the deglobalization of supply chains should prove to be inflationary as labor input costs increase.

4. *Rising energy prices*

There is a popular expression among commodity investors that the cure for low prices is low prices, and, conversely, the cure for high prices is high prices. In 2008, the world experienced record-high oil prices, and the profits of the energy industry expanded greatly. With rising profits came an extraordinary level of investment into future oil production. The resulting shale oil boom of the 2010s and a rapid increase in global oil production dampened energy prices. In 2020, record low oil prices led to record *losses* among energy companies and significantly *reduced* capital expenditures in energy exploration projects. Due to lack of investment and fewer new discoveries, supply growth across the world will be limited and outright supply declines wouldn't be terribly surprising. Although supply will likely be tight, given aggressive policymaker plans to invest in infrastructure, we expect demand for oil and other commodities to remain robust, even assuming, as we do, considerable electrification market share gains within the transportation industry. With constrained supply and increasing demand, energy prices should continue to rise in the coming years, putting upward pressure on costs across a wide range of goods and services (while also enabling the rise of alternative modes of transportation which are more energy-efficient).

5. *Increasing wages*
   Baby boomers are retiring in droves, and they are not being replaced by enough Generation Z workers entering the workforce. As the U.S. population ages and an increasing proportion of the workforce retires, companies are likely going to be hard-pressed to find new workers. According to Oxford Economics, an estimated two million workers have retired since the beginning of the pandemic, representing a retirement rate that is roughly double that of 2019. At the same time, minimum wage thresholds have been increasing, along with unemployment benefits. We would not be surprised to see an increase in the power of private-sector unions for the first time in a generation. All of these trends should lead to higher wages for the U.S. workforce.

6. *Dollar Depreciation*
   Until 2014, foreign central banks sterilized U.S. deficits by taking the dollars they earned from exporting goods to the United States and reinvesting them into U.S. Treasuries. These Treasury bond investments supported the U.S. dollar's value and kept the currencies of net exporters from rising in value. With a U.S. trade deficit currently running at 3.9% of GDP and a Federal deficit running at 10.3% of GDP, the dollar is being held up by foreign capital investment flows into U.S. real estate and the U.S. stock market. Meanwhile, most of the new U.S. Treasury bonds that are issued are being purchased by the Federal Reserve. We believe all of this is a setup for the dollar to drop in value against the currencies of net exporters when foreign investors sour on U.S. investments. If (or when) interest rates begin to rise and the Federal Reserve intervenes to prevent Treasury interest rates from rising, the dollar's depreciation should accelerate, resulting in higher prices for imported goods and services.

2011 Again, or Something Different?
The circumstances today, which cause us to believe that inflation will not be transitory, are quite different from the circumstances of 2011, when inflation did turn out to be transitory. In 2011, the U.S. fiscal deficit was manageable, and the monetary stimulus from quantitative easing was less than 25% of what it has been thus far in 2021. In 2011, globalization was expanding, not contracting, and the central banks of net exporters were still recycling the dollars they earned from their surplus into U.S. Treasuries. The shale oil boom in the United States was just beginning, leading to a flood of new supply along with lower energy prices and a reduced U.S. trade deficit. Importantly, because the U.S. trade deficit declined, the dollar strengthened, which was disinflationary. These factors prevented inflation from taking root in 2011, which is why we suggested earlier that policymakers who wanted inflation in 2011 due to an excessive debt to GDP ratio failed to achieve their policy goals. These factors also lead us to conclude that this time in 2021 is quite different from the transitory inflation of 2011.

Of course, on a long enough time horizon, this inflation, too, will cease. There will come a time again when a bold central banker like former Chairman Paul Volcker raises interest rates to put a stop to inflation. There will also come a time when Congress decides it is time for fiscal discipline and reduced deficits. If these things happen 20 years from now, does that mean our inflation is transitory? The time for fiscal and monetary discipline is far into the future, in our view, because the debt burden that has not yet been inflated away remains far too large relative to the size of the economy. And the best way to enlarge that economy is to allow for wages and prices to rise.

Portfolio Performance and Positioning

Appleseed Fund's generated a total return of 4.54%% during the most recent quarter versus a return in the MSCI World Index of 7.74%. Appleseed Fund's total return since inception is 7.72% per annum versus an average total return in the MSCI World Index of 7.15%. The Fund's quarterly performance was driven by strong returns in its equity portfolio, partially offset by negative returns in cryptocurrencies.

The most significant equity contributors to the Fund's quarterly performance were SK Telecom (SKM), Ardelyx (ARDX), and Ituran (ITRN) while the most significant detractors to performance among our long equity positions were AerCap Holdings (AER), 89Bio (ETNB), and Sony Group (SONY).

Our asset class preferences remain unchanged. We like investments such as gold and equities that have historically demonstrated an ability to keep up with inflation. Such equities include companies with high fixed costs and low variable costs and companies with the power to raise prices in an inflationary environment. We continue to own global value stocks, including small-cap, mid-cap, and large-cap value stocks. Moreover, we continue to maintain an oversized position in emerging market stocks. We are shying away from investments like corporate bonds that are likely going to struggle to keep up with inflation and searching hard for uncorrelated investments that should generate long-term returns that exceed the rising inflation that we foresee.

At quarter-end, stocks represented 75.0% of the portfolio, gold represented 8.7% of the portfolio, our cash and fixed income position represented approximately 9.0% of the portfolio, while other investments represented approximately 6.8% of the portfolio. We continue to believe Appleseed Fund's portfolio is well-diversified, generally undervalued, positioned for accelerating inflation, and holding enough liquid assets to take advantage of any buying opportunities that might arise.

Portfolio Changes

New Long Equity Positions	*Sold Long Equity Positions*
Herbalife Nutrition (HLF)	Hudson Technologies (HDSN)
Allstate Corp (ALL)	
Naspers Ltd (NPN-Johannesburg)	
Boardwalk REIT (BEI-Toronto)	

We were active in purchasing new stocks during the quarter. A summary of our investment thesis for each of our new holdings follows:

- For long-term investors in Appleseed Fund, *Herbalife* should be a familiar name, as this will now be the third time that we have purchased Herbalife shares. We only hope that the third time will be as profitable for Appleseed Fund shareholders as the first two times. For those unfamiliar with the company, Herbalife is a global marketer of nutritional products to consumers worldwide. With just 20% of revenues attributable to the United States, the company markets its products through a multi-level distributor network. The business is currently growing at a double-digit annual rate and is generating gross margins of more than 75%, making Herbalife a quickly growing and we believe an attractive business. Herbalife's business is "capital-light," which means that the company does not require much in the way of capital investment to grow, allowing Herbalife to generate free cash flow that can mostly be returned to shareholders. Since 2013, Herbalife has used its free cash flow to buy back its stock, resulting in a share count that has declined by more than a third since 2013. Herbalife has a clean bill of health from a regulatory standpoint; its compliance function is the gold standard within the multi-level marketing industry.

At our purchase price, Herbalife shares were trading at the same share price as 2018. The company is firing on almost all cylinders right now, but its shares are undervalued for two reasons. First, the company's China business has been struggling. We are not so worried about Herbalife's China business because China represents only 5.5% of company revenues. Moreover, we believe the setbacks are temporary, and management has put a plan in place to reinvigorate revenue growth in China. Second, investors are worried that the company's growth rate will be harmed as the economy opens up again. We conservatively assume that the company's long-term growth rate will be 5% per annum, which is quite a bit lower than the 19% growth rate that Herbalife posted in Q1 2021. However, even assuming a 5% growth rate, Herbalife shares are significantly undervalued. Herbalife was trading at less than 10x earnings per share when we bought the stock, which represented an outstanding bargain, in our view.

- *Boardwalk REIT* is a leading owner and operator of multi-family apartment properties in Canada with more than 200 communities and over 33,000 residential units. Occupancy has increased by 1% just since February and is poised for further recovery given favorable immigration trends, attractively priced units in Boardwalk REIT's key markets, limited new supply, and a re-opening of the economy following the ongoing vaccination rollout. In general, apartments have proven to be a resilient asset class during this pandemic and during prior economic downturns. Historically apartments can offer an inflationary hedge in addition to a significant affordability advantage versus single family homes, which will be further magnified by rising lumber and raw materials costs. Last but certainly not least, there is significant insider ownership (the Kolias family controls 26% of the company), providing a strong alignment of interests with shareholders.

  At our purchase price, Boardwalk REIT was presently trading more than 25% below its pre-pandemic share price from mid-February 2020. Boardwalk REIT has been excessively punished due to its exposure to the more commodity-dependent Alberta province, which accounts for over 60% of its net operating income. However, the medium-term fundamental outlook remains favorable given continued immigration, very attractive affordability, and the recent rebound in commodity prices. Meanwhile, its valuation remains compelling as the share price represents a 35% discount to the appraised value of its real estate assets. In summary, Boardwalk REIT is an inexpensive real estate investment which may also provide a reasonably good inflation hedge for Appleseed Fund.

- *Allstate* is the second-largest personal insurance company in the United States with a 9.3% share in auto insurance (4th largest) and an 8.0% share in homeowner's insurance (2nd largest). The company sells products primarily through its captive agents though this business line is shrinking as the company's direct (Esurance.com and, more recently, Allstate.com) and independent agent businesses grow more quickly. The personal insurance industry is relatively consolidated, and competition has historically been rational, allowing Allstate to earn attractive mid-teen returns on equity in this business over the past decade. Allstate also recently announced plans to divest their low-growth, low-return life and annuity businesses. This will free up capital to reinvest into the more attractive personal insurance segment and result in improvements on consolidated returns on equity of approximately 2.5%.

  Despite the attractive industry dynamics of the personal insurance business and the steps that Allstate has taken to dispose of lower return businesses, the company's stock currently trades as if Allstate will never be able to grow its earnings. At our purchase price, Allstate's stock was trading for less than 10.0x forward earnings estimates. While Allstate does face tough competition in the auto insurance business from GEICO and Progressive, their market position, strong brand, and increased investment into the direct insurance business should allow them to grow earnings. Overall, we believe this entry price is attractive for an industry leader in a high-return, consolidating industry. Further, downside risk management should be positively impacted by the dividend yield, a strong balance sheet, and a management team that has historically increased share repurchases when they view the stock to be trading below its intrinsic value.

- Cape Town, South Africa-based Naspers Limited (JSE: NPN, NPSNY) is a global Internet company that largely manifests itself through its massive technology investment portfolio. Its expansion into Internet investing began in the late 1990s. Its

72.8% stake in Prosus (PRX-NL, PROSY) implies an effective 22% position in Tencent (700-HK), a 20% holding in Mail.ru (MAIL-GB), 16% in Delivery Hero (DHER-DE), and 4% in Trip.com (TRIP), which was formerly known as Ctrip. Roughly 76% of Naspers' revenues are derived from Tencent. Its listed holdings in Prosus gives Naspers exposure to Internet companies across the globe in verticals such as online classifieds, food delivery, payment and fintech, travel, education, health, and social media. In addition, Naspers has local operations in South Africa which include online retail, online classifieds, and print. Naspers' strategy focuses on deploying capital in new areas, specifically in technological disruption. Beyond that, Naspers has been trying to find ways to eliminate the embedded discount between its share price and the assets associated with its shares.

In the final analysis, a purchase of Naspers is a discounted purchase of shares of Tencent. Over the past five years, Tencent has compounded sales, EBITDA, and EPS at 34%, 32% and 29% CAGRs, respectively. ROICs have averaged 19.7%, while ROEs have averaged 28.6%. In turn, Tencent's stock price has increased at a 37% annual pace over the same time period, well outpacing any benchmark of choice. At the same time, Naspers stock price movement has significantly trailed that achieved by Tencent; at this point, we believe Naspers offers upside to NAV and our estimate of intrinsic value.

We want to express once again our appreciation for the trust you have placed in us to manage your investment in Appleseed Fund during these remarkable times. We hope you have a fantastic summer.

Sincerely,

Josh Strauss, CFA
William Pekin, CFA
Adam Strauss, CFA
Shaun Roach, CFA

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ANNUALIZED RETURNS- as of 6/30/2021					
	1 Year	3 Years	5 Years	10 Years	Since Inception
Investor Class (APPLX)	60.63	14.44	11.01	7.54	7.72
Institutional Class (APPIX)	61.01	14.68	11.20	*7.76*	*7.88*
Morningstar Gbl SMID Cap Index	47.18	12.25	13.36	9.53	7.58
MSCI World Index	39.04	14.99	14.83	10.65	7.15

Fund Inception Date: 12/8/2006.

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.

As of 06/30/2021, the Fund's Top Ten Holdings can be found at: www.appleseedfund.com.

The gross expense ratio of the Fund's investor class is 1.50%, and the institutional class is 1.25%; the net expense ratio after contractual fee waivers through January 31, 2022 is 1.19% and 1.00%. The Fund's ninety day redemption fee is 2.00%.

The S&P 500 Index is a widely recognized, unmanaged group of stocks that is representative of a broad market. The index provides returns in U.S. dollars, assumes reinvestment of all distributions, and does not reflect the deduction of taxes and fees. The MSCI World Index is a widely followed, unmanaged group of stocks from 23 international markets and is not available for purchase. These indices provide total returns in U.S. dollars with net dividends reinvested. These index returns do not reflect the deduction of expenses, which have been deducted from the Fund's returns. These index returns assume reinvestment of all distributions and do not reflect the deduction of taxes and fees. Individuals cannot invest directly in these indices, however, an individual can invest in exchange traded funds or other investment vehicles that attempt to track the performance of a benchmark index.

Diversification does not ensure a profit or guarantee against loss.

The universe of acceptable investments for the Fund may be limited as compared to other funds due to the Fund's ESG investment screening. Because the Fund does not invest in companies that do not meet its ESG criteria, and the Fund may sell portfolio companies that subsequently violate its screens, the Fund may be riskier than other mutual funds that invest in a broader array of securities. Although the Pekin Hardy believes that the Fund can achieve its investment objective within the parameters of ESG investing, eliminating certain securities as investments may have an adverse effect on the Fund's performance.

Investments in commodities such as gold may be affected by overall market movements, changes in interest *rates, and other factors such as embargoes and international economic and political developments. Commodities are assets that have tangible properties, such as oil, metals, and agricultural products. These instruments may subject the Fund to greater volatility than investments in traditional securities.*

The views and opinions expressed in this material are those of the authors. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate. These opinions are current as of the date of this letter but are subject to change. There is no guarantee that any forecasts or opinions in this material will be realized. Information should not be construed as investment advice nor be considered a recommendation to buy, sell or hold any particular security.

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.

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