November 18, 2021

Dear Appleseed Shareholder,

"It fell to the floor, an exquisite thing, a small thing, that could upset balances and knock down a line of small dominoes and then big dominoes and then gigantic dominoes, all down the years across time…It couldn't change things. Killing one butterfly couldn't be that important? Could it?"

– Ray Bradbury, "A Sound of Thunder"

In 1972, famed MIT meteorologist and chaos theorist Edward Norton Lorenz presented a research paper about how chaotic mathematical functions are very sensitive to initial conditions. He titled this well-renowned study "Predictability: Does the Flap of a Butterfly's Wings in Brazil Set Off a Tornado in Texas?" The gist of this analysis focused on the theory that slight variations in initial conditions can lead to dramatically different results. Over time, this hypothesis became known as the "Butterfly Effect," and it has had wide-reaching influence, not just on meteorology and chaos theory but also on supply chain management, investments, and many other fields.

Today, many strange and not-so-strange shortages are popping up left and right, whether it be well-documented shortages (*e.g.*, rental cars, bicycles, and semiconductor chips) or more mysterious shortages (*e.g.*, Halloween candy, French fries, and Thanksgiving turkeys). And this problem is not just a domestic one. In the face of anemic economic growth, natural gas prices in Europe have quadrupled, coal prices in China stand at an eight-year high, and gasoline shortages in the United Kingdom are accelerating. At the beginning of the coronavirus pandemic, it made intuitive sense for the world to run short of surgical masks, computer webcams, and hand sanitizer. 18 months later, despite the re-opening of the economy, consumers are experiencing surprisingly long lines, higher prices, limited choices, and constant references to amorphous "supply chain issues." In too many cases, there is no stock available, and no idea when the product will be delivered.

It would be overly simplistic to just to blame the coronavirus, which has certainly contributed to the current series of global supply chain problems. In reality, the pandemic has often just exacerbated already existing issues. The conditions in place prior to the pandemic played important roles as economic

"butterflies" in creating today's shortages. Many of today's supply chain issues can be associated with labor shortages, whether it be the labor necessary to make a product in a factory, receive a shipment of containers at a port, or transport shipments in a truck. Other significant and interlinked issues contributing to today's shortages include transportation problems, deficient energy investment, excessive industry consolidation, and semiconductor issues.

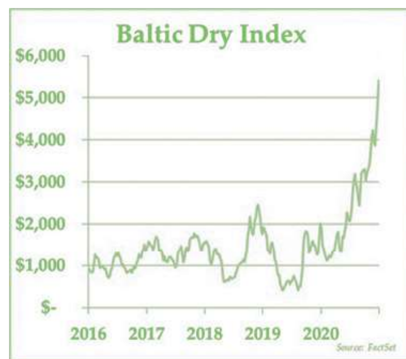
Labor

When the pandemic caused a hard shutdown of the economy in March 2020, the U.S. labor force participation rate plunged to its lowest level since 1973, when a far more significant proportion of families were one-income households compared to today. While the participation rate has recovered some from the March 2020 bottom, it has stubbornly remained below pre-pandemic levels. Notably, the labor force participation rate remains relatively low even in the face of significant pushes on the local level across the United States to increase minimum wages.

With the Delta variant causing a persistent risk of coronavirus infections, companies are struggling to hire workers. Federal jobless benefits and continued childcare obligations may be acting as obstacles in preventing many workers from re-entering the labor force. Additionally, some workers have decided to switch careers during the pandemic or retire early after a layoff. Others are quitting jobs that require them to work full-time in physical offices. Roughly 10,000 Baby Boomers have been retiring each day, and that trend

certainly has not slowed during the pandemic[1]. The combination of all these factors and recent deglobalization trends suggest that the days of plentiful and inexpensive labor may be in the past.

Transportation



A series of events have disrupted the world's well-oiled supply chain systems, causing transportation bottlenecks on land and sea. In March 2021, the week-long blockage in the Suez Canal halted shipping traffic on a vital transportation waterway that links Europe to Asia. Roughly 12% of global trade, ~1 million barrels of oil and approximately 8% of the world's liquified natural gas pass through the Suez Canal each day – all of which ground to a rapid halt. A series of temporary coronavirus-related closures of key ports in China and Vietnam have strained product exports over the past 18 months. As of this writing, more than 70 container ships are idling offshore the ports of Los Angeles and Long Beach because there are not enough dockworkers to unload the cargo, nor are there enough truck drivers to transport the goods. As demonstrated in the chart to the right, these transportation disruptions have caused container shipping costs to more than quadruple as compared to last year[2]. The pandemic has highlighted that optimized supply chains, while highly efficient in most conditions, can prove to be inherently fragile in times of extreme dislocation.

Energy

With relatively low oil and gas prices over the past six years, traditional exploration and production companies have materially curtailed capital investment. However, today's energy shortages cannot be blamed merely on the lack of investment. Last year, a cold winter in Europe caused energy storage facilities to be drawn down to lower than normal levels. Prices for

1 *Source: Deutche Bank Research.*
2 *The Baltic Dry Index is an index of average prices paid for the transport of dry bulk materials across more than 20 global routes.*

other commodities like coal have been rising, making it cost-prohibitive for power producers to switch input fuels. Increased weather volatility has further contributed to the problem; one reason why oil and gas supplies are low is the damage that Hurricane Ida did to the energy infrastructure in the Gulf of Mexico.

The labor shortages bedeviling the world are affecting the energy markets. In the United Kingdom, the number of available truckers as compared to the total need for truckers stands at a ratio of 1:8, largely attributed to a scarcity of labor caused by Brexit as most truckers were forced to leave the United Kingdom after Brexit because they were not U.K. citizens. As a result, the United Kingdom is experiencing shocking gasoline shortages and ridiculously long lines at the gas pump. Until the United Kingdom increases wages enough to attract domestic workers to trucking jobs, these shortages could remain in place.

Energy shortages exacerbate other problems, which, in turn, create additional, cascading supply chain constraints. These shortages prevent products from being transported, stop workers from getting to their jobs, cause unplanned production shutdowns, and generally make it difficult for companies to resolve their supply chain shortages.

Industry Concentration

In the past, we have written much about corporate consolidation. As a result of decades of lax antitrust enforcement, corporate concentration has increased in virtually every industry, including airlines, wireless telecom services, cable television, hospitals, medical insurance, social media, semiconductors, and others. In our view, the level of corporate concentration in specific industries has contributed to today's shortages.

For example, in the bicycle components industry, Japan-based Shimano boasts ~70% of global market share for components for bicycles that cost more than $500. With the massive spike in demand for bicycles over the past 18 months, both Shimano and SRAM, Shimano's primary competitor, have shown that they simply do not have sufficient production capacity to supply their customers. As a result, bicycle and bicycle component shortages are commonplace. Should there have been a more fragmented industry, the extent to which shortages have occurred may have been far more limited.

Semiconductors

Beyond shipping, energy, and labor, the world is faced with a serious semiconductor chip shortage, driven by four key factors. First, the pandemic exacerbated supply chain issues by disrupting semiconductor production just as the global demand for electronic products surged. Second, semiconductor producers projected too little demand during the pandemic. Companies that cut back on semiconductor orders during the pandemic were subsequently forced to go to the end of the production line. Third, semiconductor chips are used in a wide array of products, including computing devices, cell phones, tablets, home appliances, cars, and gaming consoles. All of these product categories have experienced a spike in demand. Furthermore, demand materially increased for certain new technologies, such as artificial intelligence, electric vehicles, cloud computing, and 5G cellular networks -- all areas that require an increasing number of chips. Semiconductor demand in 2021 has jumped by nearly 50% over the past year. Fourth, over the past few years, there has been a secular trend of outsourcing production to chip foundry companies like Taiwan Semiconductor. These foundry companies were already working at full capacity prior to the pandemic, and funding and building a new semiconductor fab is a five-year process. Adding new semiconductor production capacity requires massive investment, deep technological know-how, and enormous amounts of time. Like the bicycle components industry, the availability of semiconductor chips has been affected by extreme industry concentration within the semiconductor industry.

Accordingly, current lead times for many semiconductor parts are roughly one year out, which could cause widespread shortages of many electronic products (*e.g.*, cars, washing machines, dishwashers, televisions) that may persist for at least a year, if not longer.

Investment Implications

Should these shortages dissipate sooner rather than later, inventory levels, employment levels, and out-of-stock rates may revert to historical averages. However, countries have started to erect walled gardens around their economies, and shortages and inflationary forces may become far more common. If we are entering a more permanent environment where shortages become commonplace, the long-term impact on the markets, the dollar, and the broader economy could be consequential.

Equities

Companies like Amazon, Target, and FedEx have either warned about the impact of rising labor costs on profitability and/or have started to offer material compensation adjustments to address growing labor shortages. Not only will corporations have to pay more in labor expenses, but they also will be forced to pay more to produce goods and transport them. Companies with strong brands that sell products with inelastic demand should be able to pass on the added costs to their customers without too much pushback. Large companies are less likely to have supply chain disruptions than smaller companies, as their suppliers are likely to focus on maintaining solid relationships with their most important customers[3].

To reduce the risk of supply chain problems going forward, we expect companies to tighten their supply chains, bring more production closer to home, and increase safety inventory levels. These changes would likely increase costs and require additional funds to be held in working capital, thus reducing returns on capital going forward.

3 *One anecdotal piece of evidence that supports this theory is Walmart's requirement of its suppliers to deliver 98% of products on time; otherwise, the supplier will be forced to pay a penalty of 3% of cost of sales to Walmart. One can assume that shortages at Walmart will would be less than those occurring at other retail chains.*

Such corporate adjustments would represent significant shifts from the ongoing trends of the last several decades, when global supply chains, just-in-time inventory systems, and a general lack of shortages dominated the economic landscape. Such changes could cause additional inflation, causing companies that market discretionary products to be disproportionally hurt. In contrast, companies that sell necessities would likely increase their share of consumers' wallets as consumers adjust their budgets accordingly.

Bonds

Accelerating inflation should be negative for bond prices: however, we anticipate that the Federal Reserve and central bankers across the globe will continue their aggressive monetary policy to keep bond yields low and bond prices high for as long as feasible. Looking forward, we anticipate low single-digit investment returns *at best* from bond investments over the near-term. After adjusting for inflation, we expect investment-grade bond returns to be below 0%. As a result, we have been aggressively looking for alternative investment ideas in an era of low-yielding bonds.

Gold

Historically, rising inflation and financial dislocation are bullish trends for the price of gold. Surprisingly, gold prices have declined thus far this year after enjoying an outstanding year in 2020. We do not believe that interest rates will be rising significantly any time soon for the reasons stated above, and, therefore, we view the recent weakness in gold prices as a buying opportunity.

Performance and Portfolio Changes

Over the twelve months ended 9/30/2021, Appleseed Fund Investor Class has generated an absolute return of 45.55%, outperforming the Morningstar Global Small/Mid, which generated a total return of 34.65%. Our overweight position in commodity related companies, in value stocks, and in stocks with emerging market exposure have helped the Fund's relative performance over the past twelve months, and particularly during Q2, offset partially by weak performance with the Fund's gold holdings.

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.

Within our equity portfolio, the biggest contributors to the Fund's performance over the past year were **Evercore (EVR), CF Industries (CF), and Coherent (COHR)**. Coherent announced that it was being acquired, after which a bidding war ensued among several of Coherent's suitors, to the great benefit of Appleseed shareholders. CF Industries and Evercore benefited from improving fundamentals as the economy started to reopen again along with improved earnings and expanded valuation ratios.

The most significant detractors to performance over the past year have been **Naspers (NSPNY), Heron Therapeutics (HRTX), and 89Bio (ETNB)**. The share price of Naspers has been pressured over the past year as the economy in China has been weak while the Chinese government has been rolling out business restrictions. Heron and 89Bio are both biotech companies which benefited little from the re-opening of the global economy and also are not developing either vaccines or therapeutics for the coronavirus.

During the most recent quarter, we sold Appleseed's position in **Designer Brands and Moscow Exchange** after both companies' share prices exceeded our intrinsic value estimates and generating a satisfactory return for Appleseed shareholders. During the most recent quarter, we also initiated new positions in **Dollar Tree (DLTR) and CNB Financial (CCNE)**.

Chesapeake, VA-based Dollar Tree, Inc. is the product of the 2015 merger of legacy Dollar Tree and Family Dollar, two companies that operate retail variety discount stores using slightly different strategies. Economic and inflationary pressure bode well for continued strong traffic at Dollar Tree stores, while it remains relatively insulated from online threats. We believe Dollar Tree is under-earning right now due to a transitory, massive spike in freight costs obfuscating the company's true earnings power. In a response to inflationary pressures, Dollar Tree moved away from its $1 price commitment in its Dollar Tree stores to a multi-price strategy in September of 2021, which Mr. Market loved and so did we. This policy change should allow the company to exert greater pricing power to protect its profit margins as inflationary cost pressures continue.

CNB Financial is a financial holding company with over $5 billion in assets. Through its wholly owned subsidiary, CNB Bank, it operates 44 full-service branches throughout Pennsylvania, Ohio, and New York. CNB Bank offers a full range of banking activities and services including trust and wealth management. After seeing deferrals surge to over 20% of its loans in mid-2020 due to COVID-19, they now comprise less than 1% of total loans. With credit concerns now squarely in the rearview mirror, the focus can shift to CNB's favorable high single digit organic loan growth profile, aided by markets such as Cleveland and Buffalo in addition to a recent expansion into the Roanoke, VA region. CNB has a seasoned management team and talented roster of commercial bankers with a proven track record of delivering profitable growth while maintaining discipline on the credit side throughout the economic cycles. With the stock trading at a meaningful discount at 1.28x tangible book and 8.2x price to earnings ratio , which compares favorably to its peer averages of 1.6x and 12.5x, respectively . In sum, CNB Financial shares are trading at a discount, while the company has successfully navigated challenging credit environments in the past while delivering solid loan and earnings per share growth over the long term, suggesting that it may only be a matter of time before valuation is ultimately restored.

As equity valuations and inflation have continued to rise, we believe risk is rising too. As such, we are gradually reducing the Fund's allocation to equities. Appleseed Fund remains invested primarily in a portfolio in undervalued value stocks, but we continue to have a meaningful allocation to gold, which we can always choose to deploy if and when stock buying opportunities increase. Also, our exposure to fixed income in the form of convertible bonds and Fannie Mae preferred equities has increased, along with our investments in interest rate hedges and carbon credit futures.

We thank all of our shareholders for their continued allocation to Appleseed Fund. We are grateful to have the privilege of managing the Fund.

If you have any questions, please do not hesitate to reach out to Colin Rennich, our Director of Sales. His email address is colin@appleseedfund.com.

Sincerely,

Billy Pekin, CFA

Adam Strauss, CFA

Josh Strauss, CFA

Shaun Roach, CFA

As of 09/30/2021, the Fund's Top Ten Holdings can be found at: www.appleseedfund.com.

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 Pekin Hardy Strauss, Inc. 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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INVESTMENT RESULTS – (Unaudited)

Average Annual Total Returns[a]
(for the periods ended September 30, 2021)

	One Year	***Five Year***	***Ten Year***	***Since Inception (12/08/06)***	***Since Inception (1/31/11)***
Appleseed Fund					
Investor Class	45.55%	9.66%	8.06%	7.26%	N/A
Institutional Class	45.85%	9.85%	8.27%	N/A	7.54%
Morningstar Global Markets Small-Mid Cap Index[b]	34.65%	11.66%	11.82%	7.35%	9.20%
MSCI World Index [c]	28.82%	13.74%	12.68%	7.06%	10.26%

	Expense Ratios [d]	
	Investor Class	***Institutional Class***
Gross	1.50%	1.25%
With Applicable Waivers	1.19%	1.00%

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 Appleseed Fund (the "Fund") distributions or the redemption of Fund shares. Current performance of the Fund may be lower or higher than the performance quoted. The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. Performance data current to the most recent month end may be obtained by calling (800) 470-1029.

(a) Return figures reflect any change in price per share and assume the reinvestment of all distributions. The Fund's returns reflect any fee reductions during the applicable period. If such fee reductions had not occurred, the quoted performances would have been lower.

(b) Effective January 28, 2021, the Morningstar Global Markets Small-Mid Cap Index (the "Morningstar Index") has replaced the MSCI World Index as the Fund's primary benchmark because, in the opinion of the Adviser, the Fund's investment strategies and risk profile are more similar to those of the Morningstar Index. The Morningstar Index measures the performance of global equity markets targeting the top 71% to 97% of stocks by market capitalization in both developed and emerging markets. The Morningstar Index does not incorporate ESG criteria. The Index returns do not reflect the deduction of expenses, which have been deducted from the Fund's returns. The Index returns assume reinvestment of all distributions and do not reflect the deduction of taxes and fees. An individual cannot invest directly in the Index. However, an individual may be able to invest in exchange traded funds or other investment vehicles that attempt to track the performance of a benchmark index.

(c) The MSCI World Index (the "Index") is a widely followed, unmanaged group of stocks from 23 international markets and is not available for purchase. The Index returns do not reflect the deduction of expenses, which have been deducted from the Fund's returns. The Index returns assume reinvestment of all distributions and do not reflect the deduction of taxes and fees. An individual cannot invest directly in the Index. However, an individual may be able to invest in exchange traded funds or other investment vehicles that attempt to track the performance of a benchmark index.

(d) The expense ratios, which include acquired fund fees and expenses of 0.05%, are from the Fund's prospectus dated January 28, 2021. Pekin Hardy Strauss, Inc. (the "Adviser") has contractually agreed to waive its management fee and/or reimburse expenses so that total annual operating expenses (excluding portfolio transaction and other investment-related costs (including brokerage fees and commissions); taxes; borrowing costs (such as interest and dividend expenses on securities sold short);

acquired fund fees and expenses; fees and expenses associated with investments in other collective investment vehicles or derivative instruments (including for example option and swap fees and expenses); any amounts payable pursuant to a distribution or service plan adopted in accordance with Rule 12b-1 under the Investment Company Act of 1940; any administrative and/or shareholder servicing fees payable pursuant to a plan adopted by the Board of Trustees; expenses incurred in connection with any merger or reorganization; extraordinary expenses (such as litigation expenses, indemnification of Trust officers and Trustees and contractual indemnification of Fund service providers); and other expenses that the Trustees agree have not been incurred in the ordinary course of the Fund's business) do not exceed 0.95% of the Fund's average daily net assets through January 31, 2022. Each waiver/expense payment by the Adviser is subject to recoupment by the Adviser from the Fund in the three years following the date the particular waiver/expense payment occurred, but only if such recoupment can be achieved without exceeding the annual expense limitation in effect at the time of the waiver/expense payment and any expense limitation in effect at the time of the recoupment. This expense cap may not be terminated prior to this date except by the Board of Trustees. Additional information pertaining to the Fund's expense ratios as of September 30, 2021 can be found in the financial highlights, which do not include acquired fund fees and expenses.

You should consider the Fund's investment objectives, risks, charges and expenses carefully before you invest. The Fund's prospectus contain important information about the Fund's investment objectives, potential risks, management fees, charges and expenses, and other information and should be read carefully before investing. You may obtain a current copy of the Fund's prospectus or performance data current to the most recent month by calling (800) 470-1029.

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