



# CASTLE TANDEM FUND

## **TANDX** *Institutional Shares*

For Investors Seeking Long-Term Capital Appreciation

### **Annual Report**

June 30, 2020

**IMPORTANT NOTE:** Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund or your financial intermediary electronically by calling or sending an email request.

You may elect to receive all future reports in paper free of charge. You can inform the Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by calling or sending an email request. Your election to receive reports in paper will apply to all funds held with the fund complex/your financial intermediary.

Dear Fellow Shareholders:

It is our pleasure to present to you the Annual Report for the Castle Tandem Fund (the "Fund"). This report provides you with important financial information on the Fund as well as portfolio manager commentary for the fiscal year ended June 30, 2020. We are very appreciative of your continued investments in the Fund.

The letter on the following page is from the Fund's Sub-Adviser — Tandem Investment Advisors — and provides you with an explanation of how the Fund performed over this past fiscal year.

We appreciate your trust and confidence in our management of the Fund.

Kind Regards,



Caeli Andrews  
Co-Founder, Managing Director  
Castle Investment Management



Andrew Welle  
Co-Founder, Managing Director  
Castle Investment Management

Dear Castle Tandem Fund Shareholder:

In March of 2019, we had the honor of being selected to serve as Sub-Adviser to the Castle Tandem Fund (the "Fund"). Our firm, Tandem Investment Advisors, Inc., has managed our flagship strategy —Large Cap Core— for over 29 years to individuals and institutions as a separately managed account ("SMA"). We are elated to be able to offer our flagship strategy to a broader scope of investors in the form of a mutual fund through our partnership with Castle Investment Management. We are ever thankful for your investment support, as the Castle Tandem Fund just wrapped up its first full fiscal year ending June 30, 2020.

The objective of this strategy is to seek long-term capital appreciation. As we manage the Fund, we seek to meet that objective while providing less volatile returns and rising income over a complete market cycle. The Fund requires that portfolio companies consistently grow both earnings and dividends. A proprietary investment methodology is used to identify these portfolio companies that meet our quantitative and qualitative investment criteria. Our strict investment process and discipline guide us in managing the Fund.

The Fund posted a return of 9.31% for the fiscal year ending June 30, 2020, which outperformed the S&P 500 Total Return Index (the Fund's "Benchmark"). Over this same one-year period, the Benchmark posted a return of 7.51%. Although we prefer to be measured over a complete market cycle, we are pleased to report that the Fund was also able to produce less volatile returns than the Benchmark. Most notably, the Fund had a maximum drawdown of 24.33% compared to the Fund's Benchmark's maximum drawdown of 33.79% during the height of the COVID-19 health crisis. The Fund's ability to not drawdown nearly as much as the Benchmark also meant the Fund did not have to go up as much to get back to the February 19th high water mark/all-time high set by both the Fund and its Benchmark. In fact, the Fund was able to exceed its prior all-time high, as measured by its Net Asset Value ("NAV"), on June 5th; whereas the Benchmark has yet to exceed its prior all-time high.

There were several contributing factors to the Fund's one-year outperformance relative to its Benchmark, the first being security selection. As a bottom-up manager, we are solely focused on the specific company and are indifferent to sector allocation. Therefore, at times the Fund's sector weightings will dramatically differ from that of its Benchmark. The specific companies that contributed most positively to the Fund's one-year return ending June 30, 2020, included AbbVie, Inc. (ABBV), FactSet Research Systems, Inc. (FDS) and Dollar General Corporation (DG).

- **ABBV** – Over the past year, AbbVie has consistently grown revenues, earnings, and cash flow; thus, they were able to increase their dividend by 10%. ABBV made big news last summer when they announced their acquisition of Allergan. This huge acquisition served to bolster ABBV's product portfolio and pipeline, but also to offset the 2023 patent expiration of Humira in the United States. The deal closed on May 8, 2020, so the next couple of quarters will begin to reflect the integration of Allergan.
- **FDS** – The beauty of FactSet is the simplicity of their mission: act as a global provider of financial information and analytical applications to the investment and corporate world. They have one business segment broken out by geography and that is it. Over the past year, FDS continued their long history of providing consistent growth across their income and cash flow statements. This impressive growth has given FDS the latitude to be one of today's rare companies that can grow their dividend and buy back shares without having to lever up their balance sheet to do so.
- **DG** – Similar to FDS, Dollar General's business is as straightforward as it gets - operate discount retail "general" stores. Due to the company's discount strategy, DG's business inherently does better during an economic slowdown. Their strength during economic weakness, or more specifically the initial health crisis brought on by COVID-19, was shown by their 21.7% same-store sales growth in their April 2020 quarter. Outside of which DG posted extremely consistent top and bottom-line growth, which allowed the company to raise their dividend by 12.5%.

The specific companies that contributed most negatively to the Fund's one-year return ending June 30, 2020, included Walgreens Boots Alliance, Inc. (WBA), National Retail Properties, Inc. (NNN) and United Technologies (UTX).

- **WBA** – Walgreens has had a tough past couple of years. The company has faced headwinds at both the front-end (retail) and back-end (pharmacy) of the store. At the front-end, WBA faces competition from Amazon for everyday purchases. Specifically, this year's front-end retail sales were significantly impacted by the COVID-19 economic shutdown. At the back end, continued generic price deflation and declining reimbursement rates have put pressure on the pharmacy segment.

- NNN – National Retail Properties was having a decent year until the U.S. economy was forced to shut down in the spring of 2020. As a real estate investment trust (“REIT”) focused on leasing investment property to retail companies, the economic shutdown proved debilitating to their tenants. On May 4th, NNN reported only collecting 52% of the rent due in April and certain tenants that make up 37% of total base rent were requesting a rent deferral. The economic impact borne by the retail industry very much affected the stock price of NNN. In the meantime, NNN has remained committed to paying and increasing their dividend for the 31st consecutive year.

- UTX – United Technologies recently merged with Raytheon Company to form Raytheon Technologies (RTX). Before the merger was complete, UTX spun-off their HVAC segment - Carrier (CARR) - and their elevator segment - Otis Worldwide (OTIS). The core business of UTX, aerospace and defense, (made up of Collins Aerospace and Pratt & Whitney) was then merged with Raytheon Company to create one of the largest aerospace and defense companies in the world. CARR and OTIS were the more cyclical businesses of legacy UTX and did not meet our fundamental criteria as standalone businesses. We divested of CARR and OTIS, while remaining shareholders of RTX.

Outside of security selection, our resolute commitment to our buy and sell discipline contributed to the Fund’s strong performance. One of the differentiating factors between the Fund and that of many other strategies is our ability and willingness to hold cash when investment opportunities are scarce. We do not have a mandate to be fully invested. When our process identifies more stocks that meet our criteria and are unsustainably inexpensive relative to future growth, we buy those companies and cash goes down. On the flip side, when our process identifies more stocks that either do not meet our criteria or are unsustainably expensive relative to future growth, we liquidate or trim our positions and cash goes up. It is that simple. From June 2019 to February 2020, the U.S. equity market lacked any appreciable amount of volatility. More specifically, in the fourth quarter of 2019 into the 1st quarter of 2020, the S&P 500 marched higher by more than 15% in a near perfect straight line on the back of a solid economy driven by record low unemployment. There was very little concern to be had, which was evident in the high levels of investor sentiment. It was during this same time frame that our investment process identified more companies that either did not meet our criteria or were unsustainably expensive relative to growth. Therefore, we were “net sellers” and cash incrementally rose from June 2019 until the S&P 500’s peak on February 19th.

On June 30th, 2019, the Fund held 19.2% of the Fund’s assets in cash and cash equivalents, and by February 19th, 2020, the Fund held 28.4% of the Fund’s assets in cash and cash equivalents (cash and cash equivalents represents cash equivalents and other assets less liabilities). The cash position was a timely buffer against unforeseen historical volatility, shock and decline in equity markets from February 20th to March 23rd. Most importantly, the significant cash position was opportunistically used to invest in companies that were identified as being unsustainably inexpensive. Thus, by the end of the first quarter, the Fund had invested over 50% of its cash position and held 14.0% of the Fund’s assets in cash and cash equivalents. As the U.S. economy slowly began to open back up in the second quarter, U.S. equities came roaring back with a vengeance. This sharp snap-back has again shifted our models back to signaling more stocks being expensive than inexpensive relative to future growth. Therefore, cash and cash equivalents have slowly started to rise again as we enter the third quarter of 2020.

We remain patient, rooted in discipline and steadfast in our approach to managing the Castle Tandem Fund, which is no different than how we have managed money since Tandem’s inception in 1990. Again, we want to thank you for your investment support and trust in us as we navigate these unprecedented times.

Kind regards,

William L. Little, Jr., CFA

John B. Carew

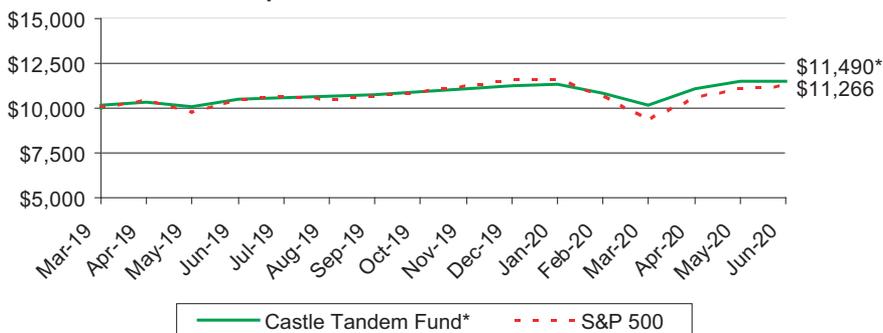
Benjamin G. Carew, CFA

*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 may be higher or lower than the performance data quoted. Performance data current to the most recent month end are available by calling 1-877-743-7820.*

*The Castle Tandem Fund’s prospectus contains important information about the Fund’s investment objectives, potential risks, management fees, charges and expenses, and other information and should be read and considered carefully before investing. You may obtain a current copy of the Fund’s prospectus by calling 1-877-743-7820. Distributed by Rafferty Capital Markets, LLC-Garden City, NY 11530.*

## CASTLE TANDEM FUND (Unaudited)

### The Value of a \$10,000 Investment in the Castle Tandem Fund From March 15, 2019 to June 30, 2020 as Compared to the Standard & Poor's 500 Index



## CASTLE TANDEM FUND PERFORMANCE INFORMATION

### AVERAGE ANNUAL RETURNS AS OF JUNE 30, 2020

	1 Year <sup>(A)</sup>	Since Inception <sup>(A)</sup>
Castle Tandem Fund	9.31%	11.32%
S&P 500® Index <sup>(B)</sup>	7.51%	9.64%

### The Fund's Total Annual Operating Expense Ratios (from November 1, 2019 Prospectus): Institutional Shares – Gross 1.59%, Net 1.19%

The Fund's actual expense ratios for the fiscal year ended June 30, 2020 can be found in the financial highlights included in this report. The Total Annual Operating Expense Ratios reported above will not correlate to the expense ratio in the Fund's financial highlights because (a) the financial highlights include only the direct operating expenses incurred by the Fund, not the indirect costs of investing in the Fund and (b) the expense ratios may be for different periods.

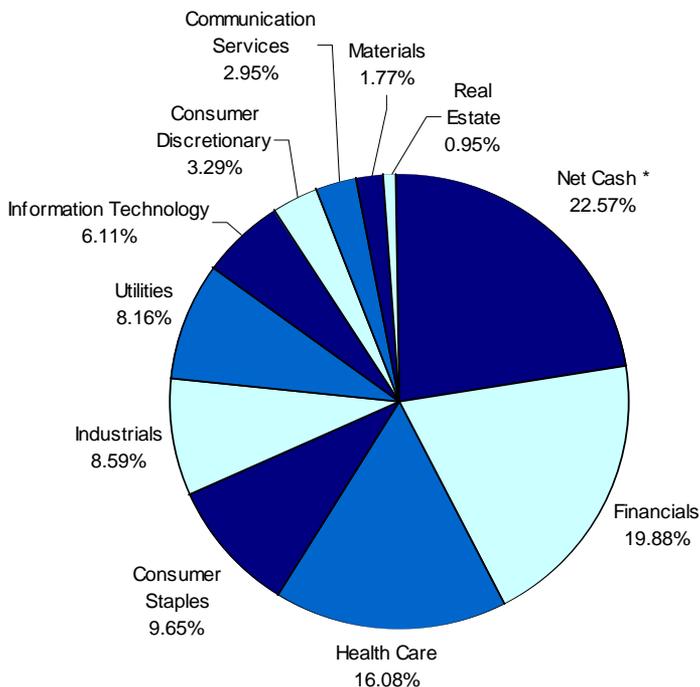
<sup>(A)</sup> 1 Year and Since Inception returns include change in share prices and in each case includes reinvestment of any dividends and capital gain distributions. The Castle Tandem Fund commenced operations on March 15, 2019.

<sup>(B)</sup> The S&P 500® Index is an unmanaged index comprised of the stocks of large capitalization issues in the United States and it is considered representative of the U.S. equity markets as a whole.

**PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE SO THAT SHARES, WHEN REDEEMED, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. RETURNS DO NOT REFLECT THE DEDUCTION OF TAXES THAT A SHAREHOLDER WOULD PAY ON FUND DISTRIBUTIONS OR THE REDEMPTION OF FUND SHARES. CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THE PERFORMANCE DATA QUOTED. TO OBTAIN PERFORMANCE DATA CURRENT TO THE MOST RECENT MONTH END, PLEASE CALL 1-877-743-7820. AN INVESTMENT IN THE FUND IS SUBJECT TO INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED. THE FUND'S DISTRIBUTOR IS RAFFERTY CAPITAL MARKETS, LLC.**

## CASTLE TANDEM FUND (Unaudited)

### Castle Tandem Fund by Sectors (as a percentage of Net Assets) June 30, 2020



\*Net Cash represents cash equivalents and other assets in excess of liabilities.

### Availability of Quarterly Schedule of Investments

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-PORT. The Fund's Form N-PORT is available on the SEC's website at <http://www.sec.gov>.

### Proxy Voting Guidelines

Castle Investment Management, LLC (the "Adviser") is responsible for exercising the voting rights associated with the securities held by the Fund. A description of the policies and procedures used by the Adviser in fulfilling this responsibility is available without charge by calling 1-877-743-7820. It is also included in the Fund's Statement of Additional Information, which is available on the SEC's website at <http://www.sec.gov>.

Information regarding how the Fund voted proxies, Form N-PX, relating to portfolio securities during the most recent 12-month period ended June 30, is available without charge, upon request, by calling 1-877-743-7820. This information is also available on the SEC's website at <http://www.sec.gov>.

## Disclosure of Expenses (Unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments; and (2) ongoing costs, including management fees; distribution and/or service (12b-1) 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. You will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by Mutual Shareholder Services, LLC, the Fund's transfer agent, and IRA accounts will be charged an \$8.00 annual maintenance fee.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the period January 1, 2020 through June 30, 2020.

### 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 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in this 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.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as the charges assessed by Mutual Shareholder Services, LLC as described above or the expenses of underlying funds. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

### Institutional Shares

	<u>Beginning Account Value January 1, 2020</u>	<u>Ending Account Value June 30, 2020</u>	<u>Expenses Paid During the Period* January 1, 2020 to June 30, 2020</u>
Actual	\$1,000.00	\$1,023.97	\$5.94
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,019.00	\$5.92

\* Expenses are equal to the Fund's annualized expense ratio of 1.18%, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half year period ended June 30, 2020).

# Castle Tandem Fund

## Schedule of Investments June 30, 2020

Shares	Fair Value	% of Net Assets
<b>COMMON STOCKS</b>		
<b>Aircraft Engines &amp; Engine Parts</b>		
5,800 Raytheon Technologies Corporation	\$ 357,396	1.77%
<b>Arrangement of Transportation of Freight &amp; Cargo</b>		
2,400 C.H. Robinson Worldwide, Inc.	189,744	
6,900 Expeditors International of Washington, Inc.	524,676	
	714,420	3.53%
<b>Beverages</b>		
4,700 Brown-Forman Corporation - Class B	299,202	1.48%
<b>Cable &amp; Other Pay Television Services</b>		
15,300 Comcast Corporation - Class A	596,394	2.95%
<b>Canned, Fruits, Vegetables, Preserves, Jams &amp; Jellies</b>		
5,700 The J.M. Smucker Company	603,117	2.98%
<b>Electric Services</b>		
7,800 Dominion Energy, Inc.	633,204	
1,700 NextEra Energy Inc.	408,289	
	1,041,493	5.15%
<b>Insurance Agents, Brokers &amp; Services</b>		
8,200 Brown & Brown, Inc.	334,232	1.65%
<b>Meat Packing Plants</b>		
4,400 Hormel Foods Corporation	212,388	1.05%
<b>Pharmaceutical Preparations</b>		
8,300 Abbott Laboratories	758,869	
7,000 AbbVie Inc.	687,260	
4,200 Johnson & Johnson	590,646	
	2,036,775	10.06%
<b>Refuse Systems</b>		
4,800 Republic Services, Inc.	393,840	
2,900 Waste Connections, Inc. (Canada)	271,991	
	665,831	3.29%
<b>Retail - Drug Stores And Proprietary Stores</b>		
12,600 Walgreens Boots Alliance, Inc.	534,114	2.64%
<b>Retail - Variety Stores</b>		
1,000 Costco Wholesale Corporation	303,210	
3,500 Dollar General Corporation	666,785	
	969,995	4.79%
<b>Security Brokers, Dealers &amp; Flotation Companies</b>		
850 BlackRock, Inc.	462,476	2.28%
<b>Security &amp; Commodity Brokers, Dealers, Exchanges &amp; Services</b>		
3,000 Cboe Global Markets, Inc.	279,840	
6,900 Intercontinental Exchange, Inc.	632,040	
5,300 T. Rowe Price Group, Inc.	654,550	
	1,566,430	7.74%
<b>Services - Business Services, NEC</b>		
2,800 Accenture PLC - Class A (Ireland)	601,216	2.97%
<b>Services - Computer Processing &amp; Data Preparation</b>		
1,400 Automatic Data Processing, Inc.	208,446	1.03%
<b>Services - Computer Programming, Data Processing, Etc.</b>		
2,650 FactSet Research Systems, Inc.	870,446	4.30%
<b>Services - Prepackaged Software</b>		
2,100 Microsoft Corporation	427,371	2.11%
<b>Soap, Detergent, Cleaning Preparations, Perfumes, Cosmetics</b>		
1,800 Ecolab, Inc.	358,110	1.77%
<b>State Commercial Banks</b>		
7,400 Signature Bank	791,208	3.91%

The accompanying notes are an integral part of these financial statements.

# Castle Tandem Fund

## Schedule of Investments June 30, 2020

Shares		Fair Value	% of Net Assets
<b>COMMON STOCKS</b>			
<b>Surgical &amp; Medical Instruments &amp; Apparatus</b>			
1,700	Becton, Dickinson and Company	\$ 406,759	
1,600	ResMed, Inc.	307,200	
2,800	Stryker Corporation	<u>504,532</u>	
		1,218,491	6.02%
<b>Water Supply</b>			
14,400	Essential Utilities, Inc.	<u>608,256</u>	3.01%
<b>Total for Common Stocks (Cost - \$14,164,721)</b>		15,477,807	76.48%
<b>REAL ESTATE INVESTMENT TRUSTS</b>			
5,400	National Retail Properties, Inc. (Cost - \$176,254)	<u>191,592</u>	0.95%
<b>MONEY MARKET FUNDS</b>			
4,438,760	First American Treasury Obligations Fund X - Class 0.08% * (Cost - \$4,438,760)	<u>4,438,760</u>	21.93%
	Total Investments (Cost - \$18,779,735)	20,108,159	99.36%
	Other Assets in Excess of Liabilities	<u>129,722</u>	0.64%
	Net Assets	<u>\$ 20,237,881</u>	<u>100.00%</u>

\* The yield shown represents the 7-day yield at June 30, 2020.

The accompanying notes are an integral part of these financial statements.

# Castle Tandem Fund

## Statement of Assets and Liabilities

June 30, 2020

Assets:	
Investment Securities at Fair Value	\$ 20,108,159
(Cost - \$18,779,735)	
Receivables:	
Dividends	10,230
Receivable for Shareholder Purchases	113,667
Receivable for Securities Sold	159,704
Total Assets	<u>20,391,760</u>
Liabilities:	
Payable for Shareholder Redemptions	4,638
Payable for Securities Purchased	130,310
Accrued Advisory Fees	16,043
Accrued Service Fees	2,888
Total Liabilities	<u>153,879</u>
Net Assets	<u>\$ 20,237,881</u>
Net Assets Consist of:	
Paid In Capital	\$ 18,883,739
Total Distributable Earnings	1,354,142
Net Assets, for 707,029 Shares Outstanding (Unlimited shares authorized)	<u>\$ 20,237,881</u>
Net Asset Value, Offering and Redemption Price Per Share (\$20,237,881/707,029 shares)	<u>\$ 28.62</u>

## Statement of Operations

For the fiscal year ended June 30, 2020

Investment Income:	
Dividends (Net of foreign withholding tax of \$283)	\$ 180,519
Interest	12,089
Total Investment Income	<u>192,608</u>
Expenses:	
Advisory Fees	101,618
Service Fees	58,939
Total Expenses	<u>160,557</u>
Less: Expenses Waived	<u>(40,647)</u>
Net Expenses	<u>119,910</u>
Net Investment Income	72,698
Realized and Unrealized Gain (Loss) on Investments	
Realized Loss on Investments	(19,513)
Net Change in Unrealized Appreciation on Investments	<u>1,222,444</u>
Net Realized and Unrealized Gain on Investments	1,202,931
Net Increase in Net Assets from Operations	<u>\$ 1,275,629</u>

# Castle Tandem Fund

## Statements of Changes in Net Assets

	7/1/2019 to 6/30/2020	3/15/2019* to 6/30/2019
From Operations:		
Net Investment Income	\$ 72,698	\$ 4,515
Net Realized Loss on Investments	(19,513)	(484)
Change in Net Unrealized Appreciation	1,222,444	105,980
Increase in Net Assets from Operations	1,275,629	110,011
From Distributions to Shareholders:	(31,498)	-
From Capital Share Transactions:		
Proceeds From Sale of Shares	17,510,212	3,667,170
Shares Issued on Reinvestment of Dividends	31,498	-
Cost of Shares Redeemed	(2,270,611)	(54,530)
Net Increase from Shareholder Activity	15,271,099	3,612,640
Net Increase in Net Assets	16,515,230	3,722,651
Net Assets at Beginning of Period	3,722,651	-
Net Assets at End of Period	<u>\$ 20,237,881</u>	<u>\$ 3,722,651</u>
Share Transactions:		
Issued	650,184	143,746
Reinvested	1,136	-
Redeemed	(85,966)	(2,071)
Net Increase in Shares	565,354	141,675
Shares Outstanding Beginning of Period	141,675	-
Shares Outstanding End of Period	<u>707,029</u>	<u>141,675</u>

## Financial Highlights

Selected data for a share outstanding throughout the period:

	7/1/2019 to 6/30/2020	3/15/2019* to 6/30/2019
Net Asset Value -		
Beginning of Period	\$ 26.28	\$ 25.00
Net Investment Income <sup>(a)</sup>	0.20	0.06
Net Gain on Securities <sup>(b)</sup> (Realized and Unrealized)	2.24	1.22
Total from Investment Operations	2.44	1.28
Distributions (From Net Investment Income)	(0.09)	-
Distributions (From Realized Capital Gains)	(0.01)	-
Total Distributions	(0.10)	-
Net Asset Value -		
End of Period	<u>\$ 28.62</u>	<u>\$ 26.28</u>
Total Return <sup>(c)</sup>	9.31%	5.12% **
Ratios/Supplemental Data		
Net Assets - End of Period (Thousands)	\$ 20,238	\$ 3,723
Before Waiver		
Ratio of Expenses to Average Net Assets	1.58%	1.58% ***
Ratio of Net Investment Income to Average Net Assets	0.32%	0.45% ***
After Waiver		
Ratio of Expenses to Average Net Assets	1.18%	1.18% ***
Ratio of Net Investment Income to Average Net Assets	0.72%	0.85% ***
Portfolio Turnover Rate	41.69%	1.59% **

\* Commencement of Operations.

\*\* Not Annualized.

\*\*\* Annualized.

(a) Per share amounts were calculated using the average shares method.

(b) Realized and unrealized gains and losses per share in this caption are balancing amounts necessary to reconcile the change in net asset value for the period, and may not reconcile with the aggregate gains and losses in the Statement of Operations due to share transactions for the period.

(c) Total return represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends and distributions, if any.

The accompanying notes are an integral part of these financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS

### CASTLE TANDEM FUND

June 30, 2020

#### 1.) ORGANIZATION

Castle Tandem Fund (the "Fund") was organized as a diversified series of the PFS Funds (the "Trust") on March 5, 2019 and commenced operations on March 15, 2019. The Trust is an open-end investment company established under the laws of Massachusetts by an Agreement and Declaration of Trust dated January 13, 2000, as amended on January 20, 2011 (the "Trust Agreement"). The Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of multiple separate and distinct portfolio series the assets and liabilities of which are separate and distinct from the assets and liabilities of the other series portfolios of the Trust. As of June 30, 2020, there were nine series authorized by the Trust. The investment adviser to the Fund is Castle Investment Management, LLC (the "Adviser") and the sub-adviser to the Fund is Tandem Investment Advisors, Inc. (the "Sub-Adviser"). Significant accounting policies of the Fund are presented below.

#### 2.) SIGNIFICANT ACCOUNTING POLICIES

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946 *Financial Services - Investment Companies*. The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Fund follows the significant accounting policies described in this section.

#### *SECURITY VALUATION:*

All investments in securities are recorded at their estimated fair value, as described in Note 3.

#### *SHARE VALUATION:*

The NAV is generally calculated as of the close of trading on the New York Stock Exchange (the "Exchange") (normally 4:00 p.m. Eastern time) every day the Exchange is open. The NAV is calculated by taking the total value of the Fund's assets, subtracting its liabilities, and then dividing by the total number of shares outstanding, rounded to the nearest cent. The offering price and redemption price per share is equal to the net asset value per share.

#### *FEDERAL INCOME TAXES:*

The Fund's policy is to continue to comply with the requirements of the Internal Revenue Code that are applicable to regulated investment companies and to distribute all of its taxable income to shareholders. Therefore, no federal income tax provision is required. It is the Fund's policy to distribute annually, prior to the end of the calendar year, dividends sufficient to satisfy excise tax requirements of the Internal Revenue Code. This Internal Revenue Code requirement may cause an excess of distributions over the book year-end accumulated income. In addition, it is the Fund's policy to distribute annually, after the end of the fiscal year, any remaining net investment income and net realized capital gains.

The Fund recognizes the tax benefits of certain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Fund's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years. The Fund identifies its major tax jurisdictions as U.S. Federal tax authorities; however, the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the fiscal year ended June 30, 2020, the Fund did not incur any interest or penalties.

#### *DISTRIBUTIONS TO SHAREHOLDERS:*

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

## Notes to the Financial Statements - continued

### *USE OF ESTIMATES:*

The financial statements are prepared in accordance with GAAP, which 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.

### *EXPENSES:*

Expenses incurred by the Trust that do not relate to a specific fund of the Trust are allocated to the individual funds based on each fund's relative net assets or another appropriate basis.

### *OTHER:*

The Fund records security transactions based on a trade date for financial reporting purposes. Dividend income is recognized on the ex-dividend date, and interest income, if any, is recognized on an accrual basis. The Fund uses the specific identification method in computing gain or loss on the sale of investment securities. 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. Discounts and premiums on securities purchased are amortized over the lives of the respective securities.

### 3.) SECURITIES VALUATIONS

The Fund utilizes various methods to measure the fair value of most of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 - Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 - Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

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.

### *FAIR VALUE MEASUREMENTS:*

A description of the valuation techniques applied to the Fund's major categories of assets and liabilities measured at fair value on a recurring basis follows.

*Equity securities (common stocks).* Equity securities generally are 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 accurately reflect the fair value of such securities. Securities that are traded on any stock exchange or on the NASDAQ over-the-counter market are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an equity security is generally valued by the pricing service at its last bid price. Generally, if the security is traded in an active market and is valued at the last sale price, the security is categorized as a level 1 security, and if an equity security is valued by the pricing service at its last bid, it is generally categorized 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 securities are being valued, such securities are valued as determined in good faith by the

## Notes to the Financial Statements - continued

Adviser, subject to review of the Board of Trustees (the "Trustees" or the "Board") and are categorized in level 2 or level 3, when appropriate.

*Money market funds.* Money market funds are valued at net asset value provided by the funds and are classified in level 1 of the fair value hierarchy.

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. There is no single standard for determining fair value, since fair value depends upon the circumstances of each individual case. As a general principle, the current fair value of an issue of securities being valued by the Adviser would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. Methods which are in accordance with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market of a similar freely traded security (including a derivative security or a basket of securities traded on other markets, exchanges or among dealers); or (iii) yield to maturity with respect to debt issues, or a combination of these and other methods.

The following table summarizes the inputs used to value the Fund's assets measured at fair value as of June 30, 2020:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$15,477,807	\$0	\$0	\$15,477,807
Real Estate Investment Trusts	191,592	0	0	191,592
Money Market Funds	<u>4,438,760</u>	<u>0</u>	<u>0</u>	<u>4,438,760</u>
Total	\$20,108,159	\$0	\$0	\$20,108,159

The Fund did not hold any Level 3 assets during the fiscal year ended June 30, 2020.

The Fund did not invest in derivative instruments during the fiscal year ended June 30, 2020.

#### 4.) INVESTMENT ADVISORY AGREEMENT AND SERVICES AGREEMENT

The Fund entered into an Investment Management Agreement with Castle Investment Management, LLC as the investment adviser of the Fund. Under the terms of the Investment Management Agreement, the Adviser manages the investment portfolio of the Fund, subject to policies adopted by the Trust's Trustees. The Adviser, furnishes office space and all necessary office facilities, equipment and executive personnel necessary for managing the assets of the Fund. For its services, the Adviser receives an annual investment management fee of 1.00% of the average daily net assets of the Fund. The Sub-Adviser of the Fund has responsibility for providing investment ideas and recommendations for the assets of the Fund, subject to the supervision of the Adviser. As full compensation for all services rendered, including investment ideas and recommendations for the assets of the Fund, the Adviser pays the Sub-Adviser a sub-adviser fee. For the fiscal year ended June 30, 2020, the Adviser received management fees totaling \$101,618. At June 30, 2020, the Fund owed \$16,043 to the Adviser.

The Fund also has a Services Agreement with the Adviser (the "Services Agreement"), under which the Fund pays the Adviser. Under the Services Agreement, the Adviser shall supervise the Fund's business affairs and is obligated to pay the operating expenses of the Fund excluding management fees, brokerage fees and commissions, taxes, borrowing costs (such as (a) interest and (b) dividend expenses on securities sold short), underlying fund fees and expenses, and extraordinary or non-recurring expenses. In addition, to the extent not otherwise provided by other parties under agreements with the Trust, the Adviser shall supply: (i) non-investment related statistical and research data; (ii) the services of a Chief Compliance Officer for the Trust; and (iii) executive and administrative services. The Adviser shall also assist with and/or supervise the preparation by the Trust's administrator, transfer agent, and/or auditors of: (i) tax returns; (ii) reports to shareholders of the Fund; (iii) reports to, and filings with, the SEC, state securities commissions and Blue Sky authorities including preliminary and definitive proxy materials and post-effective amendments to the Trust's registration statement; and (iv) necessary materials for meetings of the Trust's Board of Trustees. The Adviser shall provide personnel to serve as officers of the Trust if so elected by the Trustees. Executive and administrative services include, but are not limited to, the coordination of all third parties furnishing services to the Fund, review of the books and records of the Fund maintained by such third parties, and the review and submission to the officers of the Fund for their approval, of invoices or other requests for payment of Fund expenses; and such other action with respect to the Fund as may be necessary in the opinion of the Adviser to perform its duties. For its services, the Adviser receives a service fee equal to 0.58% of the average daily net assets of the Fund. For the fiscal year ended June 30, 2020, the Adviser earned service fees of \$58,939. At June 30, 2020, the Fund owed

## Notes to the Financial Statements - continued

the Adviser service fees of \$2,888. Effective March 15, 2019 the Adviser contractually agreed to waive Services Agreement fees by 0.40% of its average daily net assets through October 31, 2020. The Services Agreement fee waiver will automatically terminate on October 31, 2020 unless it is renewed by the Adviser. The Adviser may not terminate the fee waiver before October 31, 2020. There are no recoupment provisions for the waivers described above. A total of \$40,647 in service fees was waived for the fiscal year ended June 30, 2020.

### 5.) RELATED PARTY TRANSACTIONS

Jeffrey R. Provence of Premier Fund Solutions, Inc. (the "Administrator") also serves as a trustee/officer of the Fund. This individual receives benefits from the Administrator resulting from administration fees paid to the Administrator by the Adviser.

The Trustees who are not interested persons of the Fund were paid \$1,500 each, for a total of \$4,500, in Trustees' fees for the fiscal year ended June 30, 2020 by the Adviser.

### 6.) INVESTMENT TRANSACTIONS

For the fiscal year ended June 30, 2020, purchases and sales of investment securities other than U.S. Government obligations and short-term investments aggregated \$14,874,748 and \$3,417,088, respectively. Purchases and sales of U.S. Government obligations aggregated \$0 and \$0, respectively.

### 7.) CONTROL 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. As of June 30, 2020, Charles Schwab & Co. Inc., held for the benefit of its customers, in the aggregate, 89.01% of Fund shares. The Trust does not know whether the foregoing entity or any of the underlying beneficial holders owned or controlled 25% or more of the voting securities of the Fund.

### 8.) TAX MATTERS

For Federal income tax purposes, the cost of securities owned at June 30, 2020 was \$18,827,899.

At June 30, 2020, the composition of gross unrealized appreciation (the excess of value over tax cost) and depreciation (the excess of tax cost over value) of investments on a tax basis was as follows:

<u>Appreciation</u>	<u>(Depreciation)</u>	<u>Net Appreciation (Depreciation)</u>
\$1,677,622	(\$397,362)	\$1,280,260

The tax character of distributions was as follows:

	Fiscal Year Ended <u>June 30, 2020</u>	March 15, 2019* through <u>June 30, 2019</u>
Ordinary Income	\$ 31,498	\$ -
Long-term Capital Gain	<u>-</u>	<u>-</u>
	\$ 31,498	\$ -

\* Commencement of Operations.

As of June 30, 2020, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

Undistributed ordinary income	\$ 73,882
Unrealized appreciation (depreciation) – net	<u>1,280,260</u>
	\$ 1,354,142

Book to tax differences were primarily attributable to the tax deferral of wash sales.

### 9.) COVID-19 RISKS

Unexpected local, regional or global events, such as war; acts of terrorism; financial, political or social disruptions; natural, environmental or man-made disasters; the spread of infectious illnesses or other public health issues; and recessions and depressions could have a significant impact on the Fund and its investments and may impair market liquidity. Such events can cause investor fear, which can adversely affect the economies of nations, regions and the market in general, in ways that cannot necessarily be foreseen. An outbreak of infectious respiratory illness known as COVID-19, which

## Notes to the Financial Statements - continued

is caused by a novel coronavirus (SARS-CoV-2), was first detected in China in December 2019 and subsequently spread globally. This coronavirus has resulted in, among other things, travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, significant disruptions to business operations, market closures, cancellations and restrictions, supply chain disruptions, lower consumer demand, and significant volatility and declines in global financial markets, as well as general concern and uncertainty. The impact of COVID-19 has adversely affected, and other infectious illness outbreaks that may arise in the future could adversely affect, the economies of many nations and the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

### 10.) SUBSEQUENT EVENTS

Subsequent events after the date of the Statement of Assets and Liabilities have been evaluated through the date the financial statements were issued. Management has concluded that there is no impact requiring adjustment to or disclosure in the financial statements.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Castle Tandem Fund and  
Board of Trustees of PFS Funds

### Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Castle Tandem Fund (the "Fund"), a series of PFS Funds, as of June 30, 2020, the related statement of operations for the year then ended, the statements of changes in net assets, including the related notes, and the financial highlights for each of the two periods in the period then ended (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of June 30, 2020, the results of its operations for the year then ended, the changes in its net assets, and the financial highlights for each of the two periods in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2020, by correspondence with the custodian and brokers. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as auditor of one or more investment companies advised by Castle Investment Management, LLC since 2010.



COHEN & COMPANY, LTD.  
Cleveland, Ohio  
August 24, 2020

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## Trustees and Officers (Unaudited)

The Board of Trustees supervises the business activities of the Trust. The names of the Trustees and executive officers of the Trust are shown below. For more information regarding the Trustees, please refer to the Statement of Additional Information, which is available upon request by calling 1-877-743-7820. Each Trustee serves until the Trustee sooner dies, resigns, retires, or is removed.

The Trustees and Officers of the Trust and their principal business activities during the past five years are:

### Interested Trustees and Officers

Name, Address <sup>(1)</sup> , and Year of Birth	Position(s) Held With the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios In Fund Complex Overseen By Trustee	Other Directorships Held By Trustee
Ross C. Provence, Year of Birth: 1938	President	Indefinite Term; Since 2000	General Partner and Portfolio Manager for Value Trend Capital Management, LP (1995 to current). Estate planning attorney (1963 to current).	N/A	N/A
Jeffrey R. Provence <sup>(2)</sup> , Year of Birth: 1969	Trustee, Secretary and Treasurer	Indefinite Term; Since 2000	CEO, Premier Fund Solutions, Inc. (2001 to current). General Partner and Portfolio Manager for Value Trend Capital Management, LP (1995 to current).	9	Blue Chip Investor Funds, Meeder Funds
Julian G. Winters, Year of Birth: 1968	Chief Compliance Officer	Chief Compliance Officer Since 2010	Managing Member, Watermark Solutions LLC (investment compliance and consulting) since March 2007.	N/A	N/A

<sup>(1)</sup> The address of each trustee and officer is c/o PFS Funds, 1939 Friendship Drive, Suite C, El Cajon, California 92020.

<sup>(2)</sup> Jeffrey R. Provence is considered an "interested person" as defined in Section 2(a)(19) of the Investment Company Act of 1940 by virtue of his position with the Trust.

### Independent Trustees

Name, Address <sup>(1)</sup> , and Year of Birth	Position Held With the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios In Fund Complex Overseen By Trustee	Other Directorships Held By Trustee
Thomas H. Addis III, Year of Birth: 1945	Independent Trustee	Indefinite Term; Since 2000	Executive Director/CEO, Southern California PGA (2006 to current).	9	None
Allen C. Brown, Year of Birth: 1943	Independent Trustee	Indefinite Term; Since 2010	Law Office of Allen C. Brown, Estate planning and business attorney (1970 to current).	9	Blue Chip Investor Funds
George Cossolias, CPA, Year of Birth: 1935	Independent Trustee	Indefinite Term; Since 2000	Partner of CWDL, CPAs (February 1, 2014 to current). Owner of George Cossolias & Company, CPAs (1972 to January 31, 2014). President of LubricationSpecialists, Inc. (1996 to current).	9	Blue Chip Investor Funds, Neiman Funds

<sup>(1)</sup> The address of each trustee and officer is c/o PFS Funds, 1939 Friendship Drive, Suite C, El Cajon, California 92020.

**Investment Adviser**

Castle Investment Management, LLC

**Sub-Adviser**

Tandem Investment Advisors, Inc.

**Legal Counsel**

Practus, LLP

**Custodian**

US Bank, N.A.

**Distributor**

Rafferty Capital Markets, LLC

**Dividend Paying Agent,  
Shareholders' Servicing Agent,  
Transfer Agent**

Mutual Shareholder Services, LLC

**Fund Administrator**

Premier Fund Solutions, Inc.

**Independent Registered Public Accounting Firm**

Cohen & Company, Ltd.

This report is provided for the general information of the shareholders of the Castle Tandem Fund. This report is not intended for distribution to prospective investors in the Fund, unless preceded or accompanied by an effective prospectus.

**Castle Tandem Fund**

277 South Washington Street, Suite 335

Alexandria, Virginia 22314

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703-260-1921