



CASTLE | TANDEM FUND

TANDX *Institutional Shares*

For Investors Seeking Long-Term Capital Appreciation

Annual Report
June 30, 2021

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, 2021. 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:

It has now been just over 27 months since we were selected to serve as Sub-Adviser to the Castle Tandem Fund (“Fund”). And every day that passes we are ever thankful and humbled by your investment support.

Over those 27 months, a lot has happened within the world we live today. The COVID-19 pandemic has brought about a significant amount of change in the way businesses operate and the way individuals work. Some of the change is for the better and some for the worse, but nonetheless, life is different today than it was 27 months ago. However, one thing that has not changed is the way we manage the Fund.

We have managed our flagship strategy – Large Cap Core – for over 30 years, serving individuals and institutions through separately managed accounts (“SMAs”). We have endured the Tech Bubble, the Great Financial Crisis, the COVID-19 Pandemic, and everything else in between. The one thing that has not changed is our steadfast discipline and approach to managing the strategy of the Fund. 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. And our strict investment process and discipline guide us in managing the Fund.

The Fund posted a return of 19.30% for the fiscal year ended June 30, 2021, which underperformed the S&P 500 Index (the Fund’s “Benchmark”). Over this same one-year period, the Benchmark posted a return of 40.79%. As an active manager, our goal is not to replicate the performance of an index over any single time period. Rather, we seek to produce superior risk-adjusted returns while minimizing volatility over a complete market cycle. We believe that limiting volatility while providing a consistent investment experience will help keep investors invested through all markets. Just as the Fund did not capture 100% of the market drawdown in March 2020, the Fund also did not capture 100% of the rebound from the market trough. However, through all of the market volatility, the Fund exceeded its previous NAV high water mark over two months before the Benchmark was able to reclaim its previous peak.

The two companies that contributed the most to the Fund’s one-year performance were T. Rowe Price (TROW) and Blackrock (BLK). Both companies are in the asset management industry, and it makes sense as to why they performed so well during our last fiscal year. Nearly all financial assets were beneficiaries, as a record amount of liquidity was pumped through the economy from unprecedented monetary and fiscal stimulus measures. In turn, managers of those financial assets reaped the rewards of higher asset prices. Not only did the price appreciation of both companies exceed that of the Benchmark, but they were also able to raise their cash dividends to shareholders. In December 2020, TROW and BLK increased their quarterly cash dividends by 20% and 13.77%, respectively. In addition, TROW announced a \$3 per share special cash dividend to shareholders in June 2021.

The two companies that detracted from the Fund’s one-year performance were Signature Bank (SBNY) and Dominion Energy (D). Both companies ceased to meet our fundamental criteria and therefore were liquidated in the Fall of 2020. SBNY was no longer the company we originally purchased. The company entered the world of cryptocurrency, seeking to attract deposits by being the global cryptocurrency custodian. Along with this new business line adding unquantifiable risks to the company, SBNY had failed to increase their quarterly dividend since they initiated the dividend in 2018. Dominion Energy’s cause for liquidation was also related to their dividend policy, which we consider a fundamental violation. D entered into an agreement to sell assets to Berkshire Hathaway and following the sale, D

would cut their dividend and reset it at a lower rate. The dividend reset was greater than the profits that they would lose from the business unit being sold, so it was a clear cut in the dividend and change in their longstanding dividend policy.

As a bottom-up investment manager guided by strict disciplines, we do not seek to chase returns based on the theme, allocation, or sector “du jour”. Adhering to our disciplines prevents style drift, which can lead to the Fund outperforming or underperforming its Benchmark in any given period. Most recently, the Fund’s underperformance relative to its Benchmark can be attributed to the disciplines that prevent us from chasing the “hot” sectors and that do not require us to be fully invested. Over much of the recent fiscal year, the sectors that performed the best were also the sectors that performed the worst during the COVID-19 draw-down. The “reflation” trade was in vogue as the best performing sectors included financials, industrials, materials, and energy. These sectors tend to be comprised of companies that are more cyclical and economically sensitive, which are style characteristics that typically do not meet our requirement of consistent earnings and dividend growth. Rather than chasing the “re-opening” and “reflation” trade, we stayed on the path of only buying those companies that met our consistent fundamental growth criteria, paring back in the companies that our quantitative model deemed significantly overvalued, and liquidated the companies that no longer met our fundamental and quantitative requirements. The adherence to this strict discipline and process has led to a cash position of 26.65%, as of June 30th, 2021. The cash position is simply a byproduct of the investment process and not an allocation decision by the investment team. Once opportunities are identified, we will judiciously invest the cash, but only in those companies that meet our strict requirements of consistent fundamental growth regardless of economic or market conditions. That 30+ year-long philosophy and process we have built and refined is something that will not change.

We remain focused, committed, and disciplined in executing our investment strategy. We owe that to you – the shareholder.

Kind Regards,

William L. Little, Jr., CFA

John B. Carew

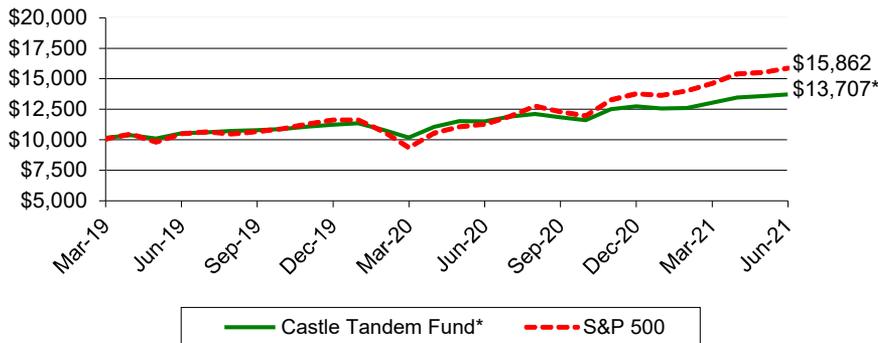
Benjamin G. Carew, CFA

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, 2021 as Compared to the Standard & Poor's 500 Index



CASTLE TANDEM FUND PERFORMANCE INFORMATION

AVERAGE ANNUAL RETURNS AS OF JUNE 30, 2021

	<u>1 Year</u> ^(A)	<u>Since Inception</u> ^(A)
Castle Tandem Fund	19.30%	14.74%
S&P 500® Index ^(B)	40.79%	22.27%

The Fund's Total Annual Operating Expense Ratios (from October 30, 2020 Prospectus): Institutional Shares – Gross 1.60%, Net 1.20%

The Fund's actual expense ratios for the fiscal year ended June 30, 2021 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.

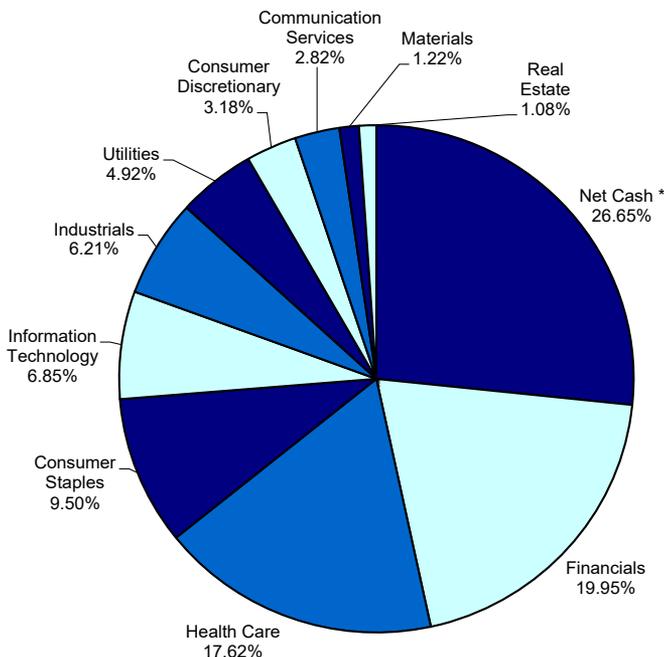
^(A) 1 Year and Since Inception returns include change in share prices and in each case includes reinvestment of any dividends and capital gain distributions. The Castle Tandem Fund commenced operations on March 15, 2019.

^(B) 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, 2021



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

Availability of Quarterly Schedule of Investments

The Fund publicly 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, 2021 through June 30, 2021.

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, 2021</u>	<u>Ending Account Value June 30, 2021</u>	<u>Expenses Paid During the Period* January 1, 2021 to June 30, 2021</u>
Actual	\$1,000.00	\$1,077.24	\$6.08
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,018.94	\$5.91

* Expenses are equal to the Fund's annualized expense ratio of 1.18%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period ended June 30, 2021).

Castle Tandem Fund

Schedule of Investments June 30, 2021

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Aircraft Engines & Engine Parts		
5,100 Raytheon Technologies Corporation	\$ 435,081	1.03%
Arrangement of Transportation of Freight & Cargo		
5,000 Expeditors International of Washington, Inc.	633,000	1.50%
Beverages		
6,300 Brown-Forman Corporation - Class B	472,122	1.12%
Cable & Other Pay Television Services		
20,900 Comcast Corporation - Class A	1,191,718	2.82%
Canned, Fruits, Vegetables, Preserves, Jams & Jellies		
10,100 The J.M. Smucker Company	1,308,657	3.10%
Electric Services		
12,200 NextEra Energy Inc.	894,016	2.12%
Insurance Agents, Brokers & Services		
14,500 Brown & Brown, Inc.	770,530	1.82%
Meat Packing Plants		
8,000 Hormel Foods Corporation	382,000	0.90%
Pharmaceutical Preparations		
14,800 Abbott Laboratories	1,715,764	
12,500 AbbVie Inc.	1,408,000	
7,500 Johnson & Johnson	1,235,550	
	4,359,314	10.32%
Refuse Systems		
8,600 Republic Services, Inc.	946,086	
5,100 Waste Connections, Inc. (Canada)	609,093	
	1,555,179	3.68%
Retail - Drug Stores And Proprietary Stores		
22,400 Walgreens Boots Alliance, Inc.	1,178,464	2.79%
Retail - Variety Stores		
1,700 Costco Wholesale Corporation	672,639	
6,200 Dollar General Corporation	1,341,618	
	2,014,257	4.77%
Security Brokers, Dealers & Flotation Companies		
1,500 BlackRock, Inc.	1,312,455	3.11%
Security & Commodity Brokers, Dealers, Exchanges & Services		
12,600 Cboe Global Markets, Inc.	1,500,030	
12,200 Intercontinental Exchange, Inc.	1,448,140	
9,200 T. Rowe Price Group, Inc.	1,821,324	
	4,769,494	11.29%
Services - Business Services, NEC		
3,500 Accenture PLC - Class A (Ireland)	1,031,765	2.44%
Services - Computer Processing & Data Preparation		
5,300 Automatic Data Processing, Inc.	1,052,686	2.49%
Services - Computer Programming, Data Processing, Etc.		
4,700 FactSet Research Systems, Inc.	1,577,367	3.73%
Services - Prepackaged Software		
3,000 Microsoft Corporation	812,700	1.92%
Soap, Detergent, Cleaning Preparations, Perfumes, Cosmetics		
2,500 Ecolab, Inc.	514,925	1.22%
Surgical & Medical Instruments & Apparatus		
4,700 Becton, Dickinson and Company	1,142,993	
2,700 ResMed, Inc.	665,604	
4,900 Stryker Corporation	1,272,677	
	3,081,274	7.30%
Water Supply		
25,900 Essential Utilities, Inc.	1,183,630	2.80%
Total for Common Stocks (Cost - \$24,309,858)	30,530,634	72.27%

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

Castle Tandem Fund

Schedule of Investments		
June 30, 2021		
Shares	Fair Value	% of Net Assets
REAL ESTATE INVESTMENT TRUSTS		
9,700 National Retail Properties, Inc. (Cost - \$343,354)	454,736	1.08%
MONEY MARKET FUNDS		
11,351,543 First American Treasury Obligations Fund - X Class 0.01% * + (Cost - \$11,351,543)	11,351,543	26.87%
Total Investments (Cost - \$36,004,755)	42,336,913	100.22%
Liabilities in Excess of Other Assets	(94,402)	-0.22%
Net Assets	<u>\$ 42,242,511</u>	<u>100.00%</u>

+ For additional information, including a copy of the prospectus and annual report, see <https://www.firstamericanfunds.com/index/InvestmentSolutions/FundsPerformanceSummary/TreasuryObligations.classX.html>.

* The yield shown represents the 7-day yield at June 30, 2021. See Note 10 for additional information.

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

Castle Tandem Fund

Statement of Assets and Liabilities

June 30, 2021

Assets:	
Investments at Fair Value (Cost - \$36,004,755)	\$ 42,336,913
Receivables:	
Dividends	41,492
Shareholder Purchases	275
Total Assets	<u>42,378,680</u>
Liabilities:	
Payable for Shareholder Redemptions	95,965
Accrued Advisory Fees	34,071
Accrued Service Fees	6,133
Total Liabilities	<u>136,169</u>
Net Assets	<u>\$ 42,242,511</u>
Net Assets Consist of:	
Paid In Capital	\$ 35,566,460
Total Distributable Earnings	6,676,051
Net Assets, for 1,241,403 Shares Outstanding (Unlimited shares authorized)	<u>\$ 42,242,511</u>
Net Asset Value, Offering and Redemption Price Per Share (\$42,242,511/1,241,403 shares)	<u>\$ 34.03</u>

Statement of Operations

For the fiscal year ended June 30, 2021

Investment Income:	
Dividends (Net of foreign withholding tax of \$810)	\$ 485,782
Total Investment Income	485,782
Expenses:	
Advisory Fees	316,144
Service Fees	183,364
Total Expenses	499,508
Less: Expenses Waived	(126,458)
Net Expenses	<u>373,050</u>
Net Investment Income	112,732
Realized and Unrealized Gain on Investments	
Realized Gain on Investments	313,357
Net Change in Unrealized Appreciation on Investments	5,003,734
Net Realized and Unrealized Gain on Investments	<u>5,317,091</u>
Net Increase in Net Assets from Operations	<u>\$ 5,429,823</u>

Castle Tandem Fund

Statements of Changes in Net Assets

	7/1/2020 to 6/30/2021	7/1/2019 to 6/30/2020
From Operations:		
Net Investment Income	\$ 112,732	\$ 72,698
Net Realized Gain (Loss) on Investments	313,357	(19,513)
Change in Net Unrealized Appreciation	<u>5,003,734</u>	<u>1,222,444</u>
Increase in Net Assets from Operations	5,429,823	1,275,629
From Distributions to Shareholders:	(107,914)	(31,498)
From Capital Share Transactions:		
Proceeds From Sale of Shares	25,543,690	17,510,212
Shares Issued on Reinvestment of Dividends	107,914	31,498
Cost of Shares Redeemed	<u>(8,968,883)</u>	<u>(2,270,611)</u>
Net Increase from Shareholder Activity	<u>16,682,721</u>	<u>15,271,099</u>
Net Increase in Net Assets	22,004,630	16,515,230
Net Assets at Beginning of Period	<u>20,237,881</u>	<u>3,722,651</u>
Net Assets at End of Period	<u>\$ 42,242,511</u>	<u>\$ 20,237,881</u>
Share Transactions:		
Issued	817,303	650,184
Reinvested	3,459	1,136
Redeemed	<u>(286,388)</u>	<u>(85,966)</u>
Net Increase in Shares	534,374	565,354
Shares Outstanding Beginning of Period	<u>707,029</u>	<u>141,675</u>
Shares Outstanding End of Period	<u>1,241,403</u>	<u>707,029</u>

Financial Highlights

Selected data for a share outstanding throughout the period:	7/1/2020 to 6/30/2021	7/1/2019 to 6/30/2020	3/15/2019* to 6/30/2019
Net Asset Value -			
Beginning of Period	\$ 28.62	\$ 26.28	\$ 25.00
Net Investment Income (a)	0.11	0.20	0.06
Net Gain on Securities (b)			
(Realized and Unrealized)	<u>5.40</u>	<u>2.24</u>	<u>1.22</u>
Total from Investment Operations	5.51	2.44	1.28
Distributions (From Net Investment Income)	(0.08)	(0.09)	-
Distributions (From Realized Capital Gains)	<u>(0.02)</u>	<u>(0.01)</u>	<u>-</u>
Total Distributions	<u>(0.10)</u>	<u>(0.10)</u>	<u>-</u>
Net Asset Value -			
End of Period	<u>\$ 34.03</u>	<u>\$ 28.62</u>	<u>\$ 26.28</u>
Total Return (c)	19.30%	9.31%	5.12% **
Ratios/Supplemental Data			
Net Assets - End of Period (Thousands)	\$ 42,243	\$ 20,238	\$ 3,723
Before Waiver			
Ratio of Expenses to Average Net Assets	1.58%	1.58%	1.58% ***
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.04)%	0.32%	0.45% ***
After Waiver			
Ratio of Expenses to Average Net Assets	1.18%	1.18%	1.18% ***
Ratio of Net Investment Income to Average Net Assets	0.36%	0.72%	0.85% ***
Portfolio Turnover Rate	14.85%	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, 2021

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, 2021, there were thirteen 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 and State 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, 2021, 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. The Fund may invest in real estate investment trusts ("REITs") that pay distributions to their shareholders based on available funds from operations. It is common for these distributions to exceed the REITs' taxable earnings and profits resulting in the excess portion of such distribution to be designated as return of capital. Distributions received from REITs are generally recorded as dividend income and, if necessary, are reclassified annually in accordance with tax information provided by the underlying REITs.

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 and real estate investment trusts). 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

Notes to the Financial Statements - continued

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 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, 2021:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$30,530,634	\$0	\$0	\$30,530,634
Real Estate Investment Trusts	454,736	0	0	454,736
Money Market Funds	<u>11,351,543</u>	<u>0</u>	<u>0</u>	<u>11,351,543</u>
Total	\$42,336,913	\$0	\$0	\$42,336,913

The Fund did not hold any Level 3 assets during the fiscal year ended June 30, 2021.

The Fund did not invest in derivative instruments during the fiscal year ended June 30, 2021.

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, 2021, the Adviser received management fees totaling \$316,144. At June 30, 2021, the Fund owed \$34,071 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 par-

Notes to the Financial Statements - continued

ties 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, 2021, the Adviser earned service fees of \$183,364. At June 30, 2021, the Fund owed the Adviser service fees of \$6,133. Beginning March 15, 2019, the Adviser has contractually agreed to waive Services Agreement fees by 0.40% of its average daily net assets through October 31, 2021. The Services Agreement fee waiver will automatically terminate on October 31, 2021 unless it is renewed by the Adviser. The Adviser may not terminate the fee waiver before October 31, 2021. There are no recoupment provisions for the waivers described above. A total of \$126,458 in service fees was waived for the fiscal year ended June 30, 2021.

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, 2021 by the Adviser.

6.) INVESTMENT TRANSACTIONS

For the fiscal year ended June 30, 2021, purchases and sales of investment securities other than U.S. Government obligations and short-term investments aggregated \$13,476,598 and \$3,475,115, 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, 2021, National Financial Services, LLC, held for the benefit of its customers, in the aggregate, 89.76% 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, 2021 was \$36,053,306.

At June 30, 2021, 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> \$6,422,682	<u>(Depreciation)</u> (\$139,075)	<u>Net Appreciation (Depreciation)</u> \$6,283,607
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The tax character of distributions was as follows:

	<u>Fiscal Year Ended June 30, 2021</u>	<u>Fiscal Year Ended June 30, 2020</u>
Ordinary Income	\$ 107,914	\$ 31,498
Long-term Capital Gain	<u> </u>	<u> </u>
	\$ 107,914	\$ 31,498

As of June 30, 2021, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

Undistributed ordinary income	\$ 78,701
Undistributed long-term capital gain (accumulated losses)	313,743
Unrealized appreciation (depreciation) – net	<u>6,283,607</u>
	\$ 6,676,051

As of June 30, 2021, the primary differences between book and tax basis unrealized appreciation were attributable to the tax deferral of wash sales.

Notes to the Financial Statements - continued

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 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.) DEFENSIVE POSITIONS

The Fund may hold all or a portion of its assets in cash or cash-equivalents like money market funds, certificates of deposit, short-term debt obligations, and repurchase agreements, either due to pending investments or when investment opportunities are limited or market conditions are adverse. Under these circumstances, the Fund may not participate in stock market advances or declines to the same extent it would had it remained more fully invested in common stocks. If the Fund invests in shares of a money market fund, shareholders of the Fund generally will be subject to duplicative management and other fees and expenses. As of June 30, 2021, the Fund had 26.87% of the value of its net assets invested in the First American Treasury Obligations Fund – X Class. Additional information for this money market fund, including its financial statements, is available from the Securities and Exchange Commission's website at www.sec.gov.

11.) 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, 2021, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the related notes, and the financial highlights for each of the three 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, 2021, the results of its operations for the year then ended, the changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the three 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, 2021, by correspondence with the custodian. 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.

COHEN & COMPANY, LTD.
Milwaukee, Wisconsin
August 25, 2021

ADDITIONAL INFORMATION
June 30, 2021
(Unaudited)

APPROVAL OF CONTINUATION OF THE MANAGEMENT AGREEMENT BETWEEN THE TRUST AND CASTLE INVESTMENT MANAGEMENT, LLC ON BEHALF OF THE CASTLE TANDEM FUND AND THE INVESTMENT SUB-ADVISORY AGREEMENT BETWEEN CASTLE INVESTMENT MANAGEMENT, LLC AND TANDEM INVESTMENT ADVISORS, INC. ON BEHALF OF THE CASTLE TANDEM FUND

On March 11, 2021, the Board of Trustees (the "Board" or the "Trustees") considered the renewal of the Management Agreement between the Trust and Castle Investment Management, LLC ("Castle") on behalf of the Castle Tandem Fund and the Investment Sub-Advisory Agreement between Castle and Tandem Investment Advisors, Inc. ("Tandem") on behalf of the Castle Tandem Fund (the "Agreements"). In approving the Agreements, the Board considered and evaluated the following factors: (i) the nature, extent, and quality of the services provided by Castle and Tandem to the Castle Tandem Fund; (ii) the investment performance of the Castle Tandem Fund, Castle, and Tandem; (iii) the cost of the services to be provided and the profits to be realized by Castle and Tandem and their respective affiliates (if any) from the relationship with the Castle Tandem Fund; (iv) the extent to which economies of scale will be realized as the Castle Tandem Fund grows and whether the fee levels reflect these economies of scale to the benefit of its shareholders; and (v) Castle's and Tandem's practices regarding possible conflicts of interest.

In assessing these factors and reaching its decisions, the Board took into consideration information furnished throughout the year at regular Board meetings, as well as information specifically prepared or presented in connection with the annual renewal process, including information presented at the Meeting. The Board reflected on the presentations by a representative of Castle earlier in the Meeting. The Board requested and was provided with information and reports relevant to the annual renewal of the Agreements, including: (i) reports regarding the services and support provided to the Castle Tandem Fund and its shareholders by Castle and Tandem; (ii) assessments of the investment performance of the Castle Tandem Fund by personnel of Castle; (iii) commentary on the reasons for the performance; (iv) presentations addressing Castle's and Tandem's investment philosophy, investment strategy, personnel, and operations; (v) compliance and audit reports concerning the Castle Tandem Fund, Castle, and Tandem; (vi) disclosure information contained in the registration statement of the Trust and the Forms ADV of Castle and Tandem; and (vii) a memorandum from Counsel that summarized the fiduciary duties and responsibilities of the Board in reviewing and approving the Agreements, including the material factors set forth above and the types of information included in each factor that should be considered by the Board in order to make an informed decision. The Board also requested and received various informational materials including, without limitation: (i) documents containing information about Castle and Tandem, including financial information, a description of personnel and the services provided to the Castle Tandem Fund, information on investment advice, performance, summaries of Castle Tandem Fund expenses, compliance program, current legal matters, and other general information; (ii) comparative expense and performance information for other mutual funds with strategies similar to the Castle Tandem Fund; and (iii) benefits to be realized by Castle and Tandem from their relationship with the Castle Tandem Fund. The Board did not identify any information that was most relevant to its consideration to approve the Agreements, and each Trustee may have afforded different weight to the various factors.

1. Nature, Extent, and Quality of the Services Provided by Castle and Tandem

In considering the nature, extent, and quality of the services provided by Castle and Tandem, the Trustees reviewed the responsibilities of Castle and Tandem under the Agreements. The Trustees reviewed the services being provided by Castle and Tandem including, without limitation: the quality of investment advisory services (including research and recommendations with respect to portfolio securities); the process for formulating investment recommendations and assuring compliance with the Castle Tandem Fund's investment objective, strategies and limitations, and regulatory requirements. The Trustees reflected on their discussions with representatives from Castle throughout the past year. The Trustees considered the coordination of services for the Castle Tandem Fund among Castle and the service providers (including Tandem) and Castle's interactions with the Independent

Additional Information (Unaudited) - continued

Trustees; and the efforts of Castle to promote the Castle Tandem Fund and grow its assets. The Trustees noted Castle's and Tandem's continuity of, and commitment to retain, qualified personnel and to maintain and enhance its resources and systems and the continued cooperation with the Independent Trustees and Counsel for the Castle Tandem Fund. The Trustees evaluated Castle's and Tandem's personnel, including the education and experience of their personnel. The Trustees reflected on discussions with the representatives from Castle during the Meeting. After reviewing the foregoing information and further information in the materials provided by Castle and Tandem, the Board concluded that, considering all the facts and circumstances, the nature, extent, and quality of the services provided by Castle and Tandem were satisfactory and adequate for the Castle Tandem Fund.

2. Investment Performance of the Castle Tandem Fund, Castle, and Tandem

In considering the investment performance of the Castle Tandem Fund, Castle and Tandem, the Trustees compared the performance of the Castle Tandem Fund with the performance of funds with similar objectives managed by other investment advisers, as well as with aggregated peer group data. The Trustees noted that Castle's only other client is another mutual fund in the Trust. The Trustees discussed the performance of the Castle Tandem Fund compared to other accounts managed by Tandem. The Trustees considered Tandem's representation that the performance of these other accounts to be within its typical dispersion and any differences in performance can be primarily attributed to the differences in fees charged to the respective accounts. As to the performance of the Castle Tandem Fund, the Board was provided with a report that included information regarding the performance of the Castle Tandem Fund compared to the Fund's Morningstar category of US Large Blend Funds (the "Category") and to a group of funds of similar size, style, and objective, derived from the Category (the "Peer Group"). The Trustees noted that for the 1-year period ended December 31, 2020, the Castle Tandem Fund underperformed the benchmark (the "S&P 500") and Category but outperformed the Peer Group over the same period. They also noted that the Castle Tandem Fund has generally maintained a large cash position since the Fund's inception (March 15, 2019), which has detracted from performance during periods of general market appreciation. It was further noted that Tandem has indicated maintaining a large cash position is consistent with the philosophy of Tandem and the investment strategies for the Castle Tandem Fund when market conditions dictate. The Trustees reflected on their previous conversations with representatives of Castle and Tandem on the investment philosophy of the Castle Tandem Fund being geared toward longer-term performance with lower volatility than the S&P 500 over a full market cycle. The Trustees also considered Castle's explanation for the Castle Tandem Fund's underperformance relative to its Category and benchmark for the year ended December 31, 2020. After reviewing and discussing the investment performance of the Castle Tandem Fund further, Castle's and Tandem's experience managing the Castle Tandem Fund, their historical investment performance, and other relevant factors, the Board concluded, considering all the facts and circumstances, that the investment performance of the Castle Tandem Fund, Castle, and Tandem was satisfactory given the Castle Tandem Fund's investment objectives and strategy.

3. Costs of the Services to be Provided and Profits to be Realized by Castle and Tandem

In considering the costs of the services to be provided and profits to be realized by Castle and Tandem from the relationship with the Castle Tandem Fund, the Trustees considered: (1) Castle's and Tandem's financial condition and the level of commitment to the Castle Tandem Fund and Castle by the principals of Castle; (2) the asset level of the Castle Tandem Fund; (3) the overall expenses of the Castle Tandem Fund; and (4) the nature and frequency of advisory and sub-advisory fee payments. The Trustees reviewed the information provided by Castle and Tandem regarding their respective profits (if any) associated with managing the Castle Tandem Fund. The Trustees also considered potential benefits for Castle and Tandem in managing the Castle Tandem Fund. The Trustees then compared the fees and expenses of the Castle Tandem Fund (including the management fee) to other comparable mutual funds. The Trustees reviewed the fees under the Agreements compared to the Peer Group and Category, noting that the management fee and net expense ratio were above the Peer Group and Category averages. The Trustees also considered the fees charged by Tandem relative to the fees it charged to its other managed accounts, noting that the fees charged to the Castle Tandem Fund were less than the average management fee charged to their other managed

Additional Information (Unaudited) - continued

accounts. The Trustees noted that, although the management fee is high relative to the Peer Group and Category averages, it was within the range of management fees of the Peer Group and the Category. The Trustees also considered the sub-advisory portion of the fee, noting that it appeared reasonable in light of the services being provided by Tandem. They also acknowledged that Castle is responsible for paying the sub-advisory fee to Tandem. The Trustees recognized that Castle has indicated its intention to continue the fee waiver arrangement as it relates to the Services Agreement with the Castle Tandem Fund for another annual period. The Trustees also considered that under the contractual arrangements with Castle, it was required to pay most of the Castle Tandem Fund's operating expenses out of its assets. Based on the foregoing, the Board concluded that the fees to be paid to Castle (and in turn Castle's payment to Tandem) and the profits to be realized, if any, by Castle and Tandem, in light of all the facts and circumstances, were fair and reasonable in relation to the nature and quality of the services provided by Castle and Tandem.

4. Economies of Scale

The Trustees next considered the impact of economies of scale on the Castle Tandem Fund's size and whether advisory fee levels will reflect those economies of scale for the benefit of the Castle Tandem Fund's investors. The Trustees considered that while the management fee remained the same at all asset levels, the Castle Tandem Fund's shareholders will experience benefits from the fact that Castle is obligated to pay certain of the Castle Tandem Fund's operating expenses, which has the effect of limiting the overall fees paid by the Castle Tandem Fund. The Trustees also recognized, as noted above, that Castle has indicated its intention to continue the waiver of a portion of its fees under the Services Agreement for additional annual period. The Trustees also noted that the contractual arrangements with the Trust required that Castle effectively cap the expenses of the Castle Tandem Fund, which has a similar effect as a breakpoint, although the Trustees noted that shareholders would benefit without the need for the Castle Tandem Fund's assets to reach or be maintained at certain asset thresholds. The Trustees also noted that the fees payable to Tandem were paid from the amounts paid to Castle and not paid directly by Castle Tandem Fund shareholders. In light of its ongoing consideration of the Castle Tandem Fund's current asset levels, expectations for growth in the Castle Tandem Fund, and fee levels, the Board determined that the Castle Tandem Fund's fee arrangements, in light of all the facts and circumstances, were fair and reasonable in relation to the nature and quality of the services provided by Castle and Tandem.

5. Possible Conflicts of Interest and Benefits to Castle and Tandem

In considering Castle and Tandem's practices regarding conflicts of interest, the Trustees evaluated the potential for conflicts of interest and considered such matters as the experience and ability of the advisory personnel assigned to the Castle Tandem Fund; the basis of decisions to buy or sell securities for the Castle Tandem Fund; and the substance and administration of Castle's and Tandem's respective codes of ethics. The Trustees also considered disclosure in the registration statement of the Trust related to Castle and Tandem's potential conflicts of interest. The Trustees noted that Castle has no other clients other than another fund in the Trust. The Trustees considered Castle's role in monitoring Tandem's compliance with such things as personal trading, brokerage and portfolio transactions, and trade allocations among clients. The Trustees noted that Tandem does not utilize soft dollars. The Trustees discussed the potential benefit of additional public exposure of Castle and Tandem based on marketing that is done for the Castle Tandem Fund. No other potential benefits (other than the management and service fees paid to Castle and sub-advisory fees paid to Tandem) were identified by the Trustees. Based on the foregoing, the Board determined that Castle's and Tandem's standards and practices relating to the identification and mitigation of possible conflicts of interest were satisfactory.

Next, the Independent Trustees met in executive session along with Counsel to discuss the continuation of the Agreements. The officers of the Trust and others present were excused during this discussion.

After further review and discussion, it was the Trustees' determination that the best interests of the Castle Tandem Fund's shareholders were served by the renewal of the Agreements.

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 ⁽¹⁾ , 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 ⁽²⁾ , 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).	13	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

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

⁽²⁾ 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 ⁽¹⁾ , 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).	13	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).	13	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).	13	Blue Chip Investor Funds, Neiman Funds

⁽¹⁾ 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

www.castleim.com

703-260-1921