



**CHANNEL**  
FUNDS

**Channel Short Duration  
Income Fund**

**(formerly, FCI Bond Fund)**

**Annual Report  
September 30, 2020**

**Fund Adviser:**

*Channel Investment Partners LLC  
4601 N. Fairfax Drive, Suite 1200  
Arlington, VA 22203*

*Toll Free (877) 627-8504*



# ***MANAGEMENT'S DISCUSSION OF FUND PERFORMANCE – (UNAUDITED)***

**Dear Shareholders:**

## **Market Review**

Wow. Simply, wow. We could reflect on any number of things over the last 12 months that drove the economy and financial markets, which are now two distinctly different things, but there is no way to capture the true essence and importance of everything happening at once. Bond yields, across asset classes, hit and remain near record lows while risk, as measured by equity market indices, is near record highs. Rather than discuss numerous events, data, and COVID-19, we can best sum up the last 12 months with a phrase: unprecedented Federal Reserve (the “Fed”) support.

On 9/30/19, the Fed Funds target was 1.75-2.00% and US 10-year treasury note closed at 1.666%. A year later, on 9/30/20, the Fed Funds target is 0.00-0.25% and the US 10-year treasury note closed at 0.685%, just off the record low close of 0.508% on 8/4/20. The multi-decade bond bull market remains intact since the 10-year treasury note closed at a record high of 15.842% on 9/30/81.

It is also worth noting that yields do not tell the whole story as with the massive Fed balance sheet expansion of recent years, especially as of late, the “shadow” Fed Funds rate with quantitative easing action is negative. We have observed that the Fed rate cuts have resulted in steeper yield curves while risk is bought, something that would normally occur as investors anticipate a return to future economic growth. The problem is that everything is relative and to steepen yield curves and push investors into risk, the Fed must continually increase their market influence at lower yields and higher asset class valuations. The 2/10’s treasury note curve steepened from 3.88 bps to 55.31 bps for the trailing 12-months as of 9/30/20 because the markets were already beginning to price in too many Fed rate hikes slowing the economy toward a recession prior to COVID-19 events.

Over the last year, the Fed has increased its balance sheet 77.87%, as of 9/30/20, to 7.104 trillion dollars! To fund these purchases, the US Department of Treasury must issue debt with the proceeds put into a trust for Fed use resulting in large treasury auctions. The US Treasury desires to issue longer maturities at the currently low rates but there is a limit to what the market can absorb without pushing rates significantly higher. It is a fine line to walk as if rates move up meaningfully out of the curve it will push increased debt issuance to the lower yielding shorter maturities just to be able to afford the coupon payments. The more and more the US is dependent upon financing deficit spending at low interest rates the more the Fed is backed into a corner of maintaining a Zero Interest

***MANAGEMENT’S DISCUSSION OF FUND PERFORMANCE –  
(UNAUDITED) – (continued)***

Rate Policy (ZIRP) for an extended period of time, likely even as the economy picks up steam. For this reason, the Fed has indicated it will look for the economy to “run hot” before they consider raising rates. We should hope it can get that result because a ZIRP for years has failed to generate the GDP growth and inflation the Fed expects. This is also why, we believe, they have become vocal in getting fiscal policy support from Congress, an ever more difficult task.

Corporate credit spreads, an area of sector focus for us, have been on a wild ride that does not tell the real story when looking at the weighted average spreads of the US Credit Index on 9/30/19 and 9/30/20 of +109 and +128, respectively. Within that period, spreads got as tight as +89 bps on 1/22/20 and as wide as +341 bps on 3/23/20! Additionally, within the index, certain sectors such as Technology, Utilities, Metals and Mining and Banking have outperformed still weak sectors such as Oil Field Services, Gaming, and Aerospace and Defense. Within many sectors, there is a bifurcation of credit quality too. This is the environment where an active manager with strong credit expertise and a disciplined trading strategy can offer real value to fund shareholders.

Looking forward, we expect market volatility to subside from the previous 12 months yet remain elevated vs. prior years due to changes in investment flows, increased credit default concerns, ratings downgrades, renewed inflation expectations, and an ever-changing political landscape that can upend security valuations with the swipe of a pen. The current and future environment favors active management focused on risk adjusted returns while raising liquidity and volatility concerns for passive investment products highly exposed to the most indebted companies and record convexity risk (a bond’s price sensitivity to movement in an underlying yield curve) at such low interest rates.

**Portfolio Overview**

On August 1, 2020, Channel Investment Partners became the Advisor to the Channel Short Duration Income Fund (the “Fund”). Two changes of note to the Fund occurred with 1) the duration shortening from 4.0 years to 3.40 years and 2) a change in the corporate credit holdings, primarily reducing lower yielding, tight spread holdings in favor of higher yielding, wider spread holdings of both issuers and issues.

By simply selling some US Treasury Notes and Agency Mortgage-Backed Securities (MBS) we were able to make the duration change without meaningfully changing the portfolio composition yet move into a peer category best fitted for the strategy. The Fund has historically been managed like a short duration bond strategy while sitting

***MANAGEMENT'S DISCUSSION OF FUND PERFORMANCE –  
(UNAUDITED) – (continued)***

just outside the respective category in an intermediate strategy category. This slight change into the short-term peer category maintains the integrity of past performance yet garners attention from new investors to grow assets under management (AUM).

The Fund, previously the FCI Bond Fund, benefitted from greater interest rate sensitivity during a falling interest rate environment. This was achieved by owning both US Treasuries and tighter spread higher quality corporate credit issues. Having captured about as much of the return we think is available for such positions, we increased fundamental and duration credit risk while reducing the interest rate risk. The Fund sold all MBS positions due to the low yields and debt structures and reallocated to corporate credit, adding to existing positions and establishing new positions. The result has been the realizing of previous gains and increasing book yield.

The emergence of COVID-19 certainly impacted the financial markets and the broad economy with an outsized immediate negative impact on specific sectors such as leisure, hospitality, and travel. Larger impacts such as office space utilization and technology shifts will take longer to play out but is playing out nonetheless resulting in many destroyed business models. One of several unique and differentiating things about Channel Investment Partners is the firm is specifically built around efficiencies, mobility, and transparency for a rapidly changing world. The FCI and Channel Investment Partners advisor change transaction was seamless, our investment processes and procedures saw no disruptions, and we were able to take advantage of market dislocations to opportunistically position the Fund for economic challenges ahead of our competitors. COVID-19 related events has served as a great test case for why Channel Investment Partners was formed and has proven to be highly prepared for the current and future market, economic, and industry challenges.

**Performance**

For the 12-month period ended September 30, 2020, the Fund's total return was 5.92%, net of fees. This compares to the Bloomberg Barclays U.S. Intermediate Government/Credit Index total return of 6.12% for the same time period. For additional comparison, the Bloomberg Barclays U.S. 1-5 year Government/Credit Index total return was 4.72%, also for the same time period. A higher concentration to investment grade credit risk contributed to strong absolute performance while fund expenses detracted from relative performance. The Fund's relative duration vs. respective benchmarks also contributed modestly to comparative under and outperformance.

## ***INVESTMENT RESULTS – (UNAUDITED)***

### **Average Annual Total Returns\* (for the periods ended September 30, 2020)**

	<u>1 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Channel Short Duration Income Fund	5.92%	3.25%	2.81%
Bloomberg Barclays U.S. 1-5 Year Government/Credit Index**	4.89%	2.59%	2.09%
Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index***	6.32%	3.39%	2.91%

Total annual operating expenses, as disclosed in the Channel Short Duration Income Fund (the “Fund”) prospectus dated October 1, 2020 were 0.90% of average daily net assets. Channel Investment Partners LLC (the “Adviser”) contractually has agreed to waive its fee and to the extent necessary, reimburse certain Fund operating expenses so that the total annual operating expenses, excluding portfolio transaction and other investment-related costs (including brokerage fees and commissions); taxes; borrowing costs (such as interest and dividend expenses on securities sold short); acquired fund fees and expenses; fees and expenses associated with investments in other collective investment vehicles or derivative instruments (including for example option and swap fees and expenses); any amounts payable pursuant to a distribution or service plan adopted in accordance with Rule 12b-1 under the Investment Company Act of 1940; any administrative and/or shareholder servicing fees payable pursuant to a plan adopted by the Board; expenses incurred in connection with any merger or reorganization; extraordinary expenses (such as litigation expenses, indemnification of Trust officers and Trustees and contractual indemnification of Fund service providers); and other expenses that the Trustees agree have not been incurred in the ordinary course of the Fund’s business, do not exceed 0.95% of the Fund’s average daily net assets. The contractual agreement is in place through January 31, 2022. Prior to October 1, 2020, total operating expenses were capped at 0.80%. Each waiver/expense payment by the Adviser is subject to recoupment by the Adviser from the Fund in the three years following the date the particular waiver/expense payment occurred, but only if such recoupment can be achieved without exceeding the annual expense limitation in effect at the time of the waiver/expense payment and any expense limitation in effect at the time of the recoupment. Additional information pertaining to the Fund’s expense ratios as of September 30, 2020 can be found in the financial highlights.

## **INVESTMENT RESULTS – (UNAUDITED) – (continued)**

***The performance quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect deduction of taxes that a shareholder would pay on Channel Short Duration Income Fund (the "Fund") distributions or the redemption of Fund shares. Current performance may be lower or higher than the performance quoted. The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. Performance data current to the most recent month end may be obtained by calling (877) 627-8504.***

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

\*\* The Bloomberg Barclays U.S. 1-5 Year Government/Credit Bond Index (the "U.S. 1-5 Year Government/Credit Bond Index") is an unmanaged benchmark that assumes reinvestment of all distributions and excludes the effect of taxes and fees. The U.S. 1-5 Year Government/Credit Bond Index is a widely recognized unmanaged index of bond prices and is representative of a broader market and range of securities than is found in the Fund's portfolio. Individuals cannot invest directly in the U.S. 1-5 Year Government/Credit Bond Index; however, an individual may invest in exchange traded funds or other investment vehicles that attempt to track the performance of a benchmark index.

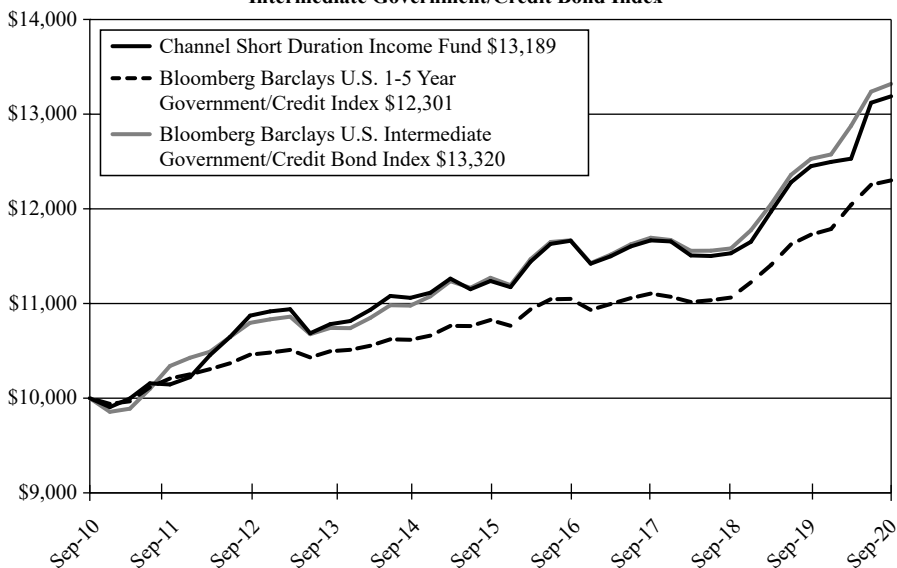
\*\*\* The Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index (the "U.S. Intermediate Government/Credit Bond Index") is an unmanaged benchmark that assumes reinvestment of all distributions and excludes the effect of taxes and fees. The U.S. Intermediate Government/Credit Bond Index is a widely recognized unmanaged index of bond prices and is representative of a broader market and range of securities than is found in the Fund's portfolio. Individuals cannot invest directly in the U.S. Intermediate Government/Credit Bond Index; however, an individual may invest in exchange traded funds or other investment vehicles that attempt to track the performance of a benchmark index.

***You should consider the Fund's investment objectives, risks, charges and expenses carefully before you invest. The 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 carefully before investing. You may obtain a current copy of the Fund's prospectus or performance data current to the most recent month end by calling (877) 627-8504.***

***The Fund is distributed by Ultimus Fund Distributors, LLC, member FINRA/SIPC.***

## INVESTMENT RESULTS – (UNAUDITED) – (continued)

### Comparison of the Growth of a \$10,000 Investment in the Channel Short Duration Income Fund, Bloomberg Barclays U.S. 1-5 Year Government/Credit Index and the Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index\*



This graph shows the value of a hypothetical initial investment of \$10,000 made on October 1, 2010 for the Fund and held through September 30, 2020. The Bloomberg Barclays U.S. 1-5 Year Government/Credit Bond Index and the Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index are widely recognized unmanaged indices of bond prices and are representative of a broader market and range of securities than is found in the Fund's portfolio. Individuals cannot invest directly in the index; however, an individual may invest in exchange traded funds or other investment vehicles that attempt to track the performance of a benchmark index. **THE FUND'S RETURN REPRESENTS PAST PERFORMANCE AND DOES NOT GUARANTEE OR PREDICT FUTURE RESULTS.** The returns shown do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

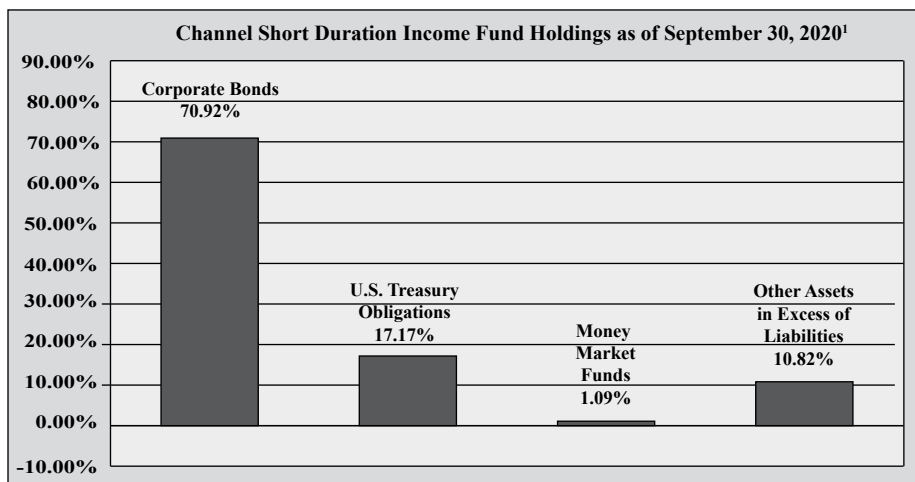
**Current performance may be lower or higher than the performance data quoted. For more information on the Fund, and to obtain performance data current to the most recent month-end, or to request a prospectus, please call (877) 627-8504.**

**You should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. The Fund's prospectus contains this and other information about the Fund and should be read carefully before investing.**

The Fund is distributed by Ultimus Fund Distributors, LLC, member FINRA/SIPC.



## ***FUND HOLDINGS – (UNAUDITED)***



<sup>1</sup> As a percent of net assets.

The investment objective of the Channel Short Duration Income Fund is total return, comprised of both income and capital appreciation.

Portfolio holdings are subject to change.

## ***AVAILABILITY OF PORTFOLIO SCHEDULE – (UNAUDITED)***

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (the “SEC”) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The Fund’s Form N-PORT reports are available on the SEC’s website at <http://www.sec.gov>.

**CHANNEL SHORT DURATION INCOME FUND**  
**SCHEDULE OF INVESTMENTS**

September 30, 2020

<b>CORPORATE BONDS – 70.92%</b>	<u>Principal Amount</u>	<u>Fair Value</u>
<b>Corporate Bonds – Domestic – 65.04%</b>		
Ally Financial, Inc., 1.45%, 10/2/2023	\$ 500,000	\$ 499,812
Ally Financial, Inc., 5.75%, 11/20/2025	250,000	280,731
American International Group, Inc., 2.50%, 6/30/2025	500,000	534,786
American Tower Corp., 2.90%, 1/15/2030	450,000	487,820
American Tower Corp., 2.10%, 6/15/2030	250,000	252,265
AT&T, Inc., 4.25%, 3/1/2027	450,000	523,043
B&G Foods, Inc., 5.25%, 4/1/2025	250,000	257,125
B&G Foods, Inc., 5.25%, 9/15/2027	250,000	261,065
Bank of America Corp., 3.95%, 4/21/2025	500,000	556,002
BNSF Funding Trust I, 6.61%, 12/15/2055 (3MO LIBOR + 235bps) <sup>(a)</sup>	200,000	228,599
Boeing Co. (The), 3.10%, 5/1/2026	550,000	549,066
Citigroup, Inc., 1.38%, 5/17/2024 (3MO LIBOR + 110bps) <sup>(a)</sup>	300,000	302,756
Citigroup, Inc., 4.40%, 6/10/2025	500,000	564,759
Delta Air Lines, Inc., 3.40%, 4/19/2021	500,000	498,093
Discover Financial Services, 5.20%, 4/27/2022	475,000	507,180
Enterprise Products Operating LLC., 2.80%, 1/31/2030	450,000	480,163
Ford Motor Credit Co., LLC, 5.88%, 8/2/2021	500,000	510,313
Ford Motor Credit Co., LLC, 3.37%, 11/17/2023	250,000	246,719
General Motors Financial Co., Inc., 1.82%, 1/14/2022 (3MO LIBOR + 155bps) <sup>(a)</sup>	200,000	201,057
General Motors Financial Co., Inc., 3.70%, 5/9/2023	500,000	522,862
Genworth Financial, Inc., 7.63%, 9/24/2021	450,000	450,704
Gilead Sciences, Inc., 3.65%, 3/1/2026	500,000	564,025
Goldman Sachs Group, Inc., 1.01%, 2/23/2023 (3MO LIBOR + 75bps) <sup>(a)</sup>	300,000	301,149
Huntington Bancshares, Inc., 2.55%, 2/4/2030	500,000	524,777
iHeartCommunications, Inc., 6.38%, 5/1/2026	500,000	521,825
JPMorgan Chase & Co., 1.49%, 10/24/2023 (3MO LIBOR + 123bps) <sup>(a)</sup>	1,000,000	1,015,867
Kinder Morgan, Inc., 4.30%, 6/1/2025	250,000	281,757
Manufacturers & Traders Trust Co., 3.40%, 8/17/2027	500,000	560,330

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

**CHANNEL SHORT DURATION INCOME FUND**  
**SCHEDULE OF INVESTMENTS – (continued)**

September 30, 2020

<b>CORPORATE BONDS – 70.92% – continued</b>	<u>Principal Amount</u>	<u>Fair Value</u>
<b>Corporate Bonds – Domestic – 65.04% – continued</b>		
Masco Corp., 3.50%, 11/15/2027	\$ 300,000	\$ 336,262
Mizuho Financial Group, Inc., 0.88%, 5/25/2024	500,000	499,911
Mizuho Financial Group, Inc., 0.85%, 9/8/2024 (3MO LIBRO + 63 bps) <sup>(a)</sup>	250,000	249,477
Morgan Stanley, 1.46%, 5/8/2024 (3MO LIBOR + 122bps) <sup>(a)</sup>	500,000	505,845
Morgan Stanley, 4.35%, 9/8/2026	500,000	579,212
National Oilwell Varco, Inc., 2.60%, 12/1/2022	128,000	131,774
Newfield Exploration Co., 5.75%, 1/30/2022	300,000	299,965
Ovintiv, Inc., 3.90%, 11/15/2021	450,000	449,927
Pitney Bowes, Inc., 3.88%, 5/15/2022	300,000	298,055
Pitney Bowes, Inc., 4.70%, 4/1/2023	250,000	248,411
Synchrony Financial, 3.75%, 8/15/2021	170,000	173,474
TJX Cos, Inc. (The), 2.25%, 9/15/2026	500,000	532,980
Verizon Communications, Inc., 1.38%, 5/15/2025 (3MO LIBOR + 110bps) <sup>(a)</sup>	500,000	511,331
Verizon Communications, Inc., 4.13%, 3/16/2027	400,000	473,467
ViacomCBS, Inc., 4.75%, 5/15/2025	250,000	287,521
Wells Fargo & Co., 5.90%, Perpetual (3MO LIBOR + 311bps) <sup>(a)</sup>	150,000	153,812
Wells Fargo & Co., 3.00%, 4/22/2026	500,000	544,734
Wells Fargo Bank NA, 3.55%, 8/14/2023	550,000	595,749
Williams Cos., Inc. (The), 3.75%, 6/15/2027	400,000	<u>439,195</u>
<b>TOTAL CORPORATE BONDS - DOMESTIC</b> <b>(Cost \$19,514,819)</b>		<u>19,795,752</u>
<b>Corporate Bonds – Foreign – 5.88%</b>		
<b>Corporate Bonds – Canada – 1.85%</b>		
Toronto-Dominion Bank (The), 3.63%, 9/15/2031	500,000	<u>562,417</u>
<b>Corporate Bonds – Ireland – 2.43%</b>		
AerCap Ireland Capital DAC/AerCap Global Aviation Trust, 3.15%, 2/15/2024	500,000	495,474
AerCap Ireland Capital DAC/AerCap Global Aviation Trust, 4.63%, 10/15/2027	250,000	<u>242,497</u>
		<u>737,971</u>

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

**CHANNEL SHORT DURATION INCOME FUND**  
**SCHEDULE OF INVESTMENTS – (continued)**

September 30, 2020

<b>CORPORATE BONDS – 70.92% – continued</b>	<u>Principal Amount</u>	<u>Fair Value</u>
<b>Corporate Bonds – Luxembourg – 1.60%</b>		
Schlumberger Investment, 3.65%, 12/1/2023	\$ 450,000	\$ 484,558
<b>TOTAL CORPORATE BONDS - FOREIGN (Cost \$1,768,015)</b>		<u>1,784,946</u>
<b>TOTAL CORPORATE BONDS (Cost \$21,282,834)</b>		<u>21,580,698</u>
<b>U.S. TREASURY OBLIGATIONS – 17.17%</b>		
United States Treasury Note, 0.13%, 8/31/2022	425,000	425,017
United States Treasury Note, 0.13%, 9/15/2023	230,000	229,811
United States Treasury Note, 0.25%, 9/30/2025	3,690,000	3,686,108
United States Treasury Note, 0.63%, 8/15/2030	890,000	<u>885,620</u>
<b>TOTAL U.S. TREASURY OBLIGATIONS (Cost \$5,227,940)</b>		<u>5,226,556</u>
<b>MONEY MARKET FUNDS – 1.09%</b>		
	<u>Shares</u>	
Fidelity Investments Money Market Government Portfolio, Class I, 0.01% <sup>(b)</sup>	332,695	<u>332,695</u>
<b>TOTAL MONEY MARKET FUNDS (Cost \$332,695)</b>		<u>332,695</u>
<b>TOTAL INVESTMENTS – 89.18% (Cost \$26,843,469)</b>		<u>27,139,949</u>
<b>Other Assets in Excess of Liabilities – 10.82%</b>		<u>3,292,252</u>
<b>NET ASSETS – 100.00%</b>		<u>\$ 30,432,201</u>

(a) Variable rate security. The rate shown is the effective interest rate as of September 30, 2020. The benchmark on which the rate is calculated is shown parenthetically.

(b) Rate disclosed is the seven day effective yield as of September 30, 2020.

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

**CHANNEL SHORT DURATION INCOME FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**

September 30, 2020

**Assets**

Investments in securities at fair value (cost \$26,843,469)	\$ 27,139,949
Receivable for fund shares sold	726
Receivable for investments sold	3,258,307
Dividends and interest receivable	186,812
Prepaid expenses	<u>10,464</u>
<b>Total Assets</b>	<u><u>30,596,258</u></u>

**Liabilities**

Payable for investments purchased	100,499
Payable for distribution to shareholders	31,032
Payable to Adviser	7,758
Payable to Administrator	6,122
Other accrued expenses	<u>18,646</u>
<b>Total Liabilities</b>	<u><u>164,057</u></u>

**Net Assets**

\$ 30,432,201

**Net Assets consist of:**

Paid-in capital	28,097,532
Accumulated earnings	<u>2,334,669</u>

**Net Assets**

\$ 30,432,201

Shares outstanding (unlimited number of shares authorized, no par value)	<u>2,756,489</u>
--	------------------

Net asset value ("NAV"), offering and redemption price per share <sup>(a)</sup>	<u><u>\$ 11.04</u></u>
---	------------------------

- (a) The Fund charges a 1.00% redemption fee on shares redeemed within 60 days or less of purchase. Shares are redeemed at the NAV if held longer than 60 calendar days.

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

**CHANNEL SHORT DURATION INCOME FUND**  
**STATEMENT OF OPERATIONS**  
For the year ended September 30, 2020

<b>Investment Income</b>	
Interest income	\$ 942,638
Dividend income	<u>9,071</u>
<b>Total investment income</b>	<u>951,709</u>
<b>Expenses</b>	
Adviser	150,734
Administration	29,500
Fund accounting	27,794
Legal	20,428
Audit and tax preparation	20,100
Trustee	12,930
Transfer agent	12,000
Chief Compliance services	11,291
Registration	8,809
Pricing	8,746
Report printing	6,500
Custodian	6,002
Insurance	2,341
Miscellaneous	<u>19,613</u>
<b>Total expenses</b>	336,788
Fees waived by Adviser	<u>(35,678)</u>
<b>Net operating expenses</b>	<u>301,110</u>
<b>Net investment income</b>	<u>650,599</u>
<b>Net Realized and Change in Unrealized Gain (Loss) on Investments</b>	
Net realized gain on investment securities transactions	2,430,306
Net change in unrealized depreciation of investment securities	<u>(883,255)</u>
<b>Net realized and change in unrealized gain on investments</b>	<u>1,547,051</u>
<b>Net increase in net assets resulting from operations</b>	<u><u>\$ 2,197,650</u></u>

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

**CHANNEL SHORT DURATION INCOME FUND**  
**STATEMENTS OF CHANGES IN NET ASSETS**

	<b>For the Year Ended September 30, 2020</b>	<b>For the Year Ended September 30, 2019</b>
<b>Increase (Decrease) in Net Assets due to: Operations</b>		
Net investment income	\$ 650,599	\$ 785,253
Net realized gain (loss) on investment securities transactions	2,430,306	(135,080)
Net change in unrealized appreciation (depreciation) of investment securities	<u>(883,255)</u>	<u>2,113,737</u>
<b>Net increase in net assets resulting from operations</b>	<u>2,197,650</u>	<u>2,763,910</u>
<b>Distributions to Shareholders From:</b>		
Earnings	<u>(694,955)</u>	<u>(784,333)</u>
<b>Total distributions</b>	<u>(694,955)</u>	<u>(784,333)</u>
<b>Capital Transactions</b>		
Proceeds from shares sold	2,756,089	3,061,310
Reinvestment of distributions	26,293	34,084
Amount paid for shares redeemed	<u>(11,196,356)</u>	<u>(3,732,979)</u>
<b>Net decrease in net assets resulting from capital transactions</b>	<u>(8,413,974)</u>	<u>(637,585)</u>
<b>Total Increase (Decrease) in Net Assets</b>	<u>(6,911,279)</u>	<u>1,341,992</u>
<b>Net Assets</b>		
Beginning of year	<u>37,343,480</u>	<u>36,001,488</u>
End of year	<u>\$ 30,432,201</u>	<u>\$ 37,343,480</u>
<b>Share Transactions</b>		
Shares sold	254,348	295,457
Shares issued in reinvestment of distributions	2,440	3,305
Shares redeemed	<u>(1,018,245)</u>	<u>(362,385)</u>
<b>Net decrease in shares outstanding</b>	<u>(761,457)</u>	<u>(63,623)</u>

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

**CHANNEL SHORT DURATION INCOME FUND**  
**(For a share outstanding during each period)**

	Year Ended September 30,				
	2020	2019	2018	2017	2016
<b>Selected Per Share Data:</b>					
Net asset value, beginning of year	\$ 10.62	\$ 10.05	\$ 10.38	\$ 10.58	\$ 10.39
Investment operations:					
Net investment income	0.19	0.22	0.21	0.20	0.20
Net realized and unrealized gain (loss)	0.43	0.57	(0.33)	(0.20)	0.19
Total from investment operations	0.62	0.79	(0.12)	—	0.39
<b>Less distributions to shareholders from:</b>					
Net investment income	(0.20)	(0.22)	(0.21)	(0.20)	(0.20)
Total distributions	(0.20)	(0.22)	(0.21)	(0.20)	(0.20)
Paid in capital from redemption fees	—	—	—	— <sup>(a)</sup>	—
Net asset value, end of year	\$ 11.04	\$ 10.62	\$ 10.05	\$ 10.38	\$ 10.58
<b>Total Return<sup>(b)</sup></b>	5.92%	7.98%	(1.16)%	0.04%	3.78%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of year (000 omitted)	\$30,432	\$37,343	\$36,001	\$41,021	\$41,458
Ratio of net expenses to average net assets	0.80%	0.80%	0.80%	0.80%	0.80%
Ratio of expenses to average net assets before reimbursement/recoupment	0.89%	0.90%	0.91%	0.88%	0.88%
Ratio of net investment income to average net assets	1.73%	2.16%	2.02%	1.92%	1.84%
Portfolio turnover rate	178% <sup>(c)</sup>	18%	21%	39%	29%

(a) Rounds to less than \$0.005 per share.

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

(c) Elevated portfolio turnover rate is due to adviser change during the fiscal year ended September 30, 2020.

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



**CHANNEL SHORT DURATION INCOME FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020**

**NOTE 1. ORGANIZATION**

Channel Short Duration Income Fund, (formerly FCI Bond Fund) (the “Fund”) was organized as a diversified series of Unified Series Trust (the “Trust”) on June 13, 2005. The Trust is an open-end investment company established under the laws of Ohio by an Agreement and Declaration of Trust dated October 17, 2002 (the “Trust Agreement”). The Trust Agreement permits the Board of Trustees of the Trust (“the Board”) to issue an unlimited number of shares of beneficial interest of separate series. The Fund is one of a series of funds currently authorized by the Board. The Fund commenced operations on October 4, 2005. Effective August 1, 2020, the investment adviser to the Fund is Channel Investment Partners LLC (the “Adviser”). From commencement of operations through July 31, 2020, the investment adviser to the Fund was Financial Counselors, Inc. The Fund seeks to provide total return, comprised of both income and capital appreciation.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The Fund is an investment company and follows accounting and reporting guidance under Financial Accounting Standards Board Accounting Standards Codification (“ASC”) Topic 946, “Financial Services-Investment Companies.” The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements. These policies are in conformity with generally accepted accounting principles in the United States of America (“GAAP”).

In March 2017, FASB issued Accounting Standards Update No. 2017-08 (“ASU 2017-08”), “Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities.” ASU 2017-08 shortens the amortization period for certain callable debt securities, held at a premium, to be amortized to the earliest call date. ASU 2017-08 does not require an accounting change for securities held at a discount, which continue to accrete to maturity. ASU 2017-08 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2018. The Fund is complying with ASU 2017-08 and the impact is not deemed to be material.

*Estimates* – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of

**CHANNEL SHORT DURATION INCOME FUND**  
**NOTES TO THE FINANCIAL STATEMENTS – (continued)**

**September 30, 2020**

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

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.

*Federal Income Taxes* – The Fund makes no provision for federal income or excise tax. The Fund has qualified and intends to qualify each year as a regulated investment company (“RIC”) under subchapter M of the Internal Revenue Code of 1986, as amended, by complying with the requirements applicable to RICs and by distributing substantially all of its taxable income. The Fund also intends to distribute sufficient net investment income and net realized capital gains, if any, so that it will not be subject to excise tax on undistributed income and gains. If the required amount of net investment income or gains is not distributed, the Fund could incur a tax expense.

As of and during the fiscal year ended September 30, 2020, the Fund did not have any liabilities for any unrecognized tax benefits. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations when incurred. During the year, the Fund did not incur any interest or penalties. Management of the Fund has reviewed tax positions taken in tax years that remain subject to examination by all major tax jurisdictions, including federal (i.e., the previous three tax year ends and the interim tax period since then, as applicable) and has concluded that no provision for unrecognized tax benefits or expenses is required in these financial statements and does not expect this to change over the next twelve months.

*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 (as determined by the Board).

*Security Transactions and Related Income* – The Fund follows industry practice and records security transactions on the trade date for financial reporting purposes. The specific identification method is used for determining gains or losses for financial statement and income tax purposes. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are accreted or amortized using the effective interest method,

**CHANNEL SHORT DURATION INCOME FUND**  
**NOTES TO THE FINANCIAL STATEMENTS – (continued)**

**September 30, 2020**

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

if applicable. 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.

*Dividends and Distributions* – The Fund intends to distribute substantially all of its net investment income, if any, at least annually. The Fund intends to distribute its net realized long-term and short-term capital gains, if any, annually. Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The treatment for financial reporting purposes of distributions made to shareholders during the year from net investment income or net realized capital gains may differ from their ultimate treatment for federal income tax purposes. These differences are caused primarily by differences in the timing of the recognition of certain components of income, 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 (“NAV”) per share of the Fund.

**NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. GAAP establishes a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk (the risk inherent in a particular valuation technique used to measure fair value including a pricing model and/or the risk inherent in the inputs to the valuation technique). Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained and available from sources independent of the reporting entity. Unobservable

***CHANNEL SHORT DURATION INCOME FUND***  
***NOTES TO THE FINANCIAL STATEMENTS – (continued)***

**September 30, 2020**

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

inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below.

- Level 1 – unadjusted quoted prices in active markets for identical investments and/or registered investment companies where the value per share is determined and published and is the basis for current transactions for identical assets or liabilities at the valuation date
- Level 2 – other significant observable inputs (including, but not limited to, quoted prices for an identical security in an inactive market, quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining fair value of investments based on the best information available)

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy which is reported is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Debt securities are valued by using the mean between the closing bid and ask prices provided by a pricing service. If the closing bid and ask prices are not readily available, the pricing service may provide a price determined by a matrix pricing method. Matrix pricing is a mathematical technique used to value fixed income securities without relying exclusively on quoted prices. Matrix pricing takes into consideration recent transactions, yield, liquidity, risk, credit quality, coupon, maturity, type of issue and any other factors or market data the pricing service deems relevant for the actual security being priced and for other securities with similar characteristics. These securities will generally be categorized as Level 2 securities. If the Adviser decides

***CHANNEL SHORT DURATION INCOME FUND***  
***NOTES TO THE FINANCIAL STATEMENTS – (continued)***

**September 30, 2020**

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

that a price provided by the pricing service does not accurately reflect the fair value of the securities or when prices are not readily available from a pricing service, securities are valued at fair value as determined by the Adviser, in conformity with guidelines adopted by and subject to review of the Board. These securities will generally be categorized as Level 3 securities.

Investments in mutual funds, including money market mutual funds, are generally priced at the ending NAV provided by the service agent of the mutual funds. These securities are categorized as Level 1 securities.

In accordance with the Trust's valuation policies, the Adviser is required to consider all appropriate factors relevant to the value of securities for which it has determined other pricing sources are not available or reliable as described above. No single method exists for determining fair value, because fair value depends upon the circumstances of each individual case. As a general principle, the current fair value of a security being valued by the Adviser would be the amount that the Fund might reasonably expect to receive upon the current sale. Methods that are in accordance with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market prices 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. Fair-value pricing is permitted if, in the Adviser's opinion, the validity of market quotations appears to be questionable based on factors such as evidence of a thin market in the security based on a small number of quotations, a significant event occurs after the close of a market but before the Fund's NAV calculation that may affect a security's value, or the Adviser is aware of any other data that calls into question the reliability of market quotations.

**CHANNEL SHORT DURATION INCOME FUND**  
**NOTES TO THE FINANCIAL STATEMENTS – (continued)**

**September 30, 2020**

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

The following is a summary of the inputs used to value the Fund’s investments as of September 30, 2020:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Domestic Corporate Bonds	\$ —	\$ 19,795,752	\$ —	\$ 19,795,752
Foreign Corporate Bonds	—	1,784,946	—	1,784,946
U.S. Treasury Obligations	—	5,226,556	—	5,226,556
Money Market Funds	<u>332,695</u>	<u>—</u>	<u>—</u>	<u>332,695</u>
Total	<u>\$ 332,695</u>	<u>\$ 26,807,254</u>	<u>\$ —</u>	<u>\$ 27,139,949</u>

The Fund did not hold any investments at the end of the reporting period for which significant unobservable inputs (Level 3) were used in determining fair value; therefore, no reconciliation of Level 3 securities is included for this reporting period. The Fund did not hold any derivative instruments during the reporting period.

**NOTE 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES**

The Adviser, under the terms of the management agreement with the Trust with respect to the Fund (the “Agreement”), manages the Fund’s investments. As compensation for its management services, the Fund is obligated to pay the Adviser a fee computed and accrued daily and paid monthly at an annual rate of 0.40% of the Fund’s average daily net assets. For the fiscal year ended September 30, 2020, the Adviser earned fees of \$24,806, from the Fund. Prior to August 1, 2020, Financial Counselors, Inc. (“FCI”) managed the Fund and earned fees of \$125,928 for the period October 1, 2019 to July 31, 2020. At September 30, 2020, the Adviser was owed \$7,758 from the Fund.

Effective October 1, 2020, the Adviser has agreed contractually to waive its management fee and/or reimburse expenses so that the Fund’s total annual operating expenses, excluding portfolio transaction and other investment-related costs (including brokerage fees and commissions); taxes; borrowing costs (such as interest and dividend expenses on securities sold short); acquired fund fees and expenses; fees and expenses associated with investments in other collective investment vehicles or derivative instruments (including, for example, option and swap fees and expenses); any amounts payable pursuant to a distribution or service plan adopted in accordance

**CHANNEL SHORT DURATION INCOME FUND**  
**NOTES TO THE FINANCIAL STATEMENTS – (continued)**

**September 30, 2020**

**NOTE 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES – continued**

with Rule 12b-1 under the Investment Company Act of 1940, as amended; any administrative and/or shareholder servicing fees payable pursuant to a plan adopted by the Board of Trustees; expenses incurred in connection with any merger or reorganization; extraordinary expenses (such as litigation expenses, indemnification of Trust officers and Trustees and contractual indemnification of Fund service providers); and other expenses that the Trustees agree have not been incurred in the ordinary course of Fund’s business, do not exceed 0.95% of the Fund’s average daily net assets through January 31, 2022. Prior to October 1, 2020, the expense cap was 0.80%.

Due to an assignment of rights from FCI to the Adviser, the Adviser also has the right to recoup fees waived and/or expenses reimbursed by FCI that are eligible for reimbursement in the three years following the date the particular waiver/expense payment occurred, if such recoupment can be achieved without exceeding the Annual Limit in effect at the time of the waiver/expense payment and any Annual Limit in effect at the time of the recoupment.

Each waiver/expense payment by the Adviser is subject to recoupment by the Adviser from the Fund in the three years following the date the particular waiver/expense payment occurred, but only if such recoupment can be achieved without exceeding the applicable annual expense limitation in effect at the time of the waiver/expense payment and any expense limitation in effect at the time of recoupment. As of September 30, 2020, the Adviser may seek repayment of investment advisory fees waived and expense reimbursements pursuant to the aforementioned conditions, from the Fund no later than the dates stated below:

<u>Recoverable through</u>	
September 30, 2021	\$ 39,712
September 30, 2022	34,613
September 30, 2023	35,678

Ultimus Fund Solutions, LLC (the “Administrator”) provides the Fund with administration, fund accounting, transfer agent and compliance services, including all regulatory reporting. For fiscal year ended September 30, 2020, the Administrator

***CHANNEL SHORT DURATION INCOME FUND***  
***NOTES TO THE FINANCIAL STATEMENTS – (continued)***

**September 30, 2020**

**NOTE 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES –  
continued**

earned fees of \$29,500 for administration services, \$27,794 for fund accounting services, \$12,000 for transfer agent services, and \$11,291 for compliance services. At September 30, 2020, the Fund owed the Administrator \$6,122 for such services.

The Board supervises the business activities of the Trust. Each Trustee serves as a trustee until termination of the Trust unless the Trustee dies, resigns, retires, or is removed. The Chairman of the Board and more than 75% of the Trustees are “Independent Trustees,” which means that they are not “interested persons” as defined in the Investment Company Act of 1940, as amended (the “1940 Act”). Each Trustee of the Trust receives annual compensation of \$2,290 per fund from the Trust, except that the Independent Chairman of the Board, the Chairman of the Audit Committee, the Chairman of the Governance & Nominating Committee, and the Chairman of the Pricing & Liquidity Committee each receives annual compensation of \$2,740 per fund from the Trust. Prior to January 1, 2020, these fees were \$2,070 and \$2,520 for non-chairmen and chairmen, respectively. Trustees also receive \$1,000 for attending each special in-person meeting. In addition, the Trust reimburses Trustees for out-of-pocket expenses incurred in conjunction with attendance at meetings.

One Trustee and certain officers of the Trust are employees of the Administrator or Ultimus Fund Distributors, LLC (the “Distributor”). The Distributor acts as the principal distributor of the Fund’s shares. The Distributor operates as a wholly-owned subsidiary of the Administrator. An officer of the Trust is an officer of the Distributor and such person may be deemed to be an affiliate of the Distributor. Officers, other than the Chief Compliance Officer, who is not an officer or employee of the Administrator or the Distributor, are not paid by the Trust for services to the Fund.



**CHANNEL SHORT DURATION INCOME FUND**  
**NOTES TO THE FINANCIAL STATEMENTS – (continued)**  
**September 30, 2020**

**NOTE 5. INVESTMENT TRANSACTIONS**

For the fiscal year ended September 30, 2020, purchases and sales of investment securities, other than short-term investments and short-term U.S. government obligations were as follows:

<b>Purchases</b>	
U.S. Government Obligations	\$ 36,925,847
Other	24,681,310
<b>Sales</b>	
U.S. Government Obligations	\$ 46,615,245
Other	27,341,281

**NOTE 6. FEDERAL TAX INFORMATION**

At September 30, 2020, the net unrealized appreciation (depreciation) and tax cost of investments for tax purposes was as follows:

Gross unrealized appreciation	\$ 372,988
Gross unrealized depreciation	<u>(76,738)</u>
Net unrealized appreciation/(depreciation) on investments	<u>\$ 296,250</u>
Tax cost of investments	<u>\$ 26,843,699</u>

At September 30, 2020, the difference between book basis and tax basis unrealized appreciation (depreciation) was primarily attributable to wash sales.

The tax character of distributions paid for the fiscal years ended September 30, 2020 and September 30, 2019 were as follows:

	<b>2020</b>	<b>2019</b>
Distributions paid from:		
Ordinary income <sup>(a)</sup>	<u>\$ 663,923</u>	<u>\$ 784,333</u>
Total distributions paid	<u>\$ 663,923</u>	<u>\$ 784,333</u>

(a) Short-term capital gain distributions are treated as ordinary income for tax purposes.

**CHANNEL SHORT DURATION INCOME FUND**  
**NOTES TO THE FINANCIAL STATEMENTS – (continued)**  
**September 30, 2020**

**NOTE 6. FEDERAL TAX INFORMATION – continued**

At September 30, 2020, the components of accumulated earnings (deficit) on a tax basis were as follows:

Undistributed ordinary income	\$ 424,582
Undistributed long term capital gains	1,644,869
Distributions payable	(31,032)
Unrealized appreciation on investments	<u>296,250</u>
Total accumulated earnings	<u>\$ 2,334,669</u>

During the fiscal year ended September 30, 2020, the Fund utilized short-term capital loss carryforwards in the amount of \$87,352 and long-term capital loss carryforwards in the amount of \$302,767.

**NOTE 7. COMMITMENTS AND CONTINGENCIES**

The Trust indemnifies its officers and Trustees for certain liabilities that may arise from their performance of their duties to the Trust or the Fund. Additionally, in the normal course of business, the Trust enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Trust's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred.

**NOTE 8. SUBSEQUENT EVENTS**

As described in Note 4, effective October 1, 2020, the Adviser agreed to waive fees and reimburse certain Fund expenses so that total operating expenses do not exceed 0.95% of the Fund's daily net assets. Prior to October 1, 2020, the expense cap was 0.80%.

Management of the Fund has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date at which these financial statements were issued. Based upon this evaluation, management has determined there were no other items requiring adjustment of the financial statements or additional disclosure.

# ***REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM***

To the Shareholders of Channel Short Duration Income Fund and  
Board of Trustees of Unified Series Trust

## **Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Channel Short Duration Income Fund (the “Fund”), a series of Unified Series Trust, as of September 30, 2020, 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, including the related notes, and the financial highlights for each of the five years 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 September 30, 2020, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years 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 September 30, 2020, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. 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 the Fund’s auditor since 2006.

COHEN & COMPANY, LTD.  
Chicago, Illinois  
November 25, 2020

## ***SUMMARY OF FUND EXPENSES – (UNAUDITED)***

As a shareholder of the Fund, you incur two types of costs: (1) transaction and (2) ongoing costs, including management fees and other Fund expenses. These examples are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from April 1, 2020 through September 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 the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the second line of the table below is useful in comparing ongoing costs only and will not help you determine the relative costs of owning different funds. In addition, if transaction costs were included, your costs would have been higher.

	<b>Beginning Account Value April 1, 2020</b>	<b>Ending Account Value September 30, 2020</b>	<b>Expenses Paid During Period<sup>(a)</sup></b>	<b>Annualized Expense Ratio</b>
Actual	\$1,000.00	\$1,052.60	\$4.11	0.80%
Hypothetical <sup>(b)</sup>	\$1,000.00	\$1,021.00	\$4.04	0.80%

(a) Expenses are equal to the Fund’s annualized expense ratios, multiplied by the average account value over the period, multiplied by 183/366 (to reflect the one-half year period).

(b) Hypothetical assumes 5% annual return before expenses.

## ***SHAREHOLDER VOTING RESULTS – (UNAUDITED)***

By written consent dated July 10, 2020, Peoples Bank, the beneficial owner of a majority of the Fund's shares, and Midwest Trust Company, the record owner of those shares, as of the close of business on July 10, 2020, voted:

- To approve a Management Agreement between the Trust, on behalf of the Fund, and Channel Investment Partners, LLC, as proposed;
- To approve the assignment of the Operating Expense Limitation Agreement from Financial Counselors, Inc. to Channel Investment Partners LLC, as proposed; and
- To approve changes to the investment strategies of the Fund, as proposed.

<b>Shares Voted in Favor</b>	<b>Shares Voted Against or Abstain</b>	<b>Shares Needed to Approve</b>
2,386,124 (69%*)	N/A (0.00%*)	Majority (more than 50%*)

\* as a percentage of the outstanding voting securities of the Fund

## ***TRUSTEES AND OFFICERS – (UNAUDITED)***

**GENERAL QUALIFICATIONS.** The Board supervises the business activities of the Trust. Each Trustee serves as a trustee until termination of the Trust unless the Trustee dies, resigns, retires, or is removed. The Chairman of the Board and more than 75% of the Trustees are “Independent Trustees,” which means that they are not “interested persons” (as defined in the 1940 Act) of the Trust or any adviser, sub-adviser or distributor of the Trust.

The following table provides information regarding the Independent Trustees.

---

<b>Name, Address*, (Year of Birth), Position with Trust**, Term of Position with Trust</b>	<b>Principal Occupation During Past 5 Years and Other Directorships</b>
<b>Kenneth G.Y. Grant</b> (1949)  Chairman, January 2017 to present; Independent Trustee, May 2008 to present	<b>Current:</b> Director, Standpoint Multi-Asset (Cayman) Fund, Ltd. (2019 – present); Director, Advisors Charitable Gift Fund (2020 - present), a Donor Advised Fund.  <b>Previous:</b> EVP, Benefit Plans Administrative Services, Inc., provider of retirement benefit plans administration (2019 – 2020); Director, Northeast Retirement Services (NRS) LLC, a transfer agent and fund administrator; and Director, Global Trust Company (GTC), a non-depository trust company sponsoring private investment product (2003 – 2019); EVP, NRS (2003 – 2019); GTC, EVP (2008 – 2019); EVP, Savings Banks Retirement Association (2003 – 2019), provider of qualified retirement benefit plans.
<b>Daniel J. Condon</b> (1950)  Chairman of the Audit Committee; Chairman of the Governance & Nominating Committee; Independent Trustee, December 2002 to present	<b>Current:</b> Retired (2017 - present)  <b>Previous:</b> Executive Advisor of Standard Steel LLC, a Railway manufacturing supply company (2016); Chief Executive Officer of Standard Steel LLC (2011 - 2015); Director of Standard Steel Holdings Co., which owns Standard Steel LLC (2011 - 2016); Director of International Crankshaft Inc. (2004 - 2016).

---

**TRUSTEES AND OFFICERS (UNAUDITED) – (continued)**

---

<b>Name, Address*, (Year of Birth), Position with Trust**, Term of Position with Trust</b>	<b>Principal Occupation During Past 5 Years and Other Directorships</b>
<b>Gary E. Hippenstiel</b> (1947) Chairman of the Pricing & Liquidity Committee; Independent Trustee, December 2002 to present	<b>Current:</b> President and founder of Hippenstiel Investment Counsel LLC (“Hippenstiel”) since 2008. Hippenstiel was registered as an investment adviser from 2008 to December 31, 2019.
<b>Stephen A. Little</b> (1946) Independent Trustee, December 2002 to present; Chairman, December 2004 to December 2016	<b>Current:</b> President and founder of The Rose, Inc., a registered investment adviser, since 1993.
<b>Ronald C. Tritschler</b> (1952) Independent Trustee, January 2007 to present; Interested Trustee, December 2002 to December 2006	<b>Current:</b> Chief Executive Officer, Director and Legal Counsel of The Webb Companies, a national real estate company, since 2001; Director, Standpoint Multi-Asset (Cayman) Fund, Ltd. (2020 – present).

---

\* The address for each Trustee is 225 Pictoria Drive, Suite 450, Cincinnati, Ohio 45246.

\*\* As of the date of this report, the Trust consists of 24 series.

## ***TRUSTEES AND OFFICERS (UNAUDITED) – (continued)***

The following table provides information regarding the interested Trustee and Officers of the Trust.

<b>Name, Address*, (Year of Birth), Position with Trust, Term of Position with Trust</b>	<b>Principal Occupation During Past 5 Years and Other Directorships</b>
<b>David R. Carson</b> (1958)  President, January 2016 to present; Interested Trustee, August 2020 to present	<b>Current:</b> SVP of Client Strategies of Ultimus Fund Solutions, LLC, since 2013.
<b>Zachary P. Richmond</b> (1980)  Treasurer and Chief Financial Officer, November 2014 to present	<b>Current:</b> Vice President, Director of Financial Administration for Ultimus Fund Solutions, LLC, since 2019.  <b>Previous:</b> Assistant Vice President, Associate Director of Financial Administration for Ultimus Fund Solutions, LLC (2015 - 2019); Manager, Fund Administration, Huntington Asset Services, Inc. (2011 - 2015).
<b>Elisabeth Dahl</b> (1962)  Secretary, May 2017 to present; Assistant Secretary, March 2016 to May 2017	<b>Current:</b> Attorney, Ultimus Fund Solutions, LLC since March 2016.  <b>Previous:</b> Attorney, Cincinnati, OH (2009 - 2016).
<b>Stephen Preston</b> (1966)  AML Compliance Officer, May 2017 to present	<b>Current:</b> Vice President and Chief Compliance Officer, Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC, since 2011.
<b>Lynn E. Wood</b> (1946)  Chief Compliance Officer, October 2004 to present	<b>Current:</b> Managing Member, Buttonwood Compliance Partners, LLC, since 2013.

\* The address for each Officer is 225 Pictoria Drive, Suite 450, Cincinnati, Ohio 45246.



## ***INVESTMENT ADVISORY AGREEMENT APPROVAL – (UNAUDITED)***

The Channel Short Duration Income Fund (the “Fund”) is a series of Unified Series Trust (the “Trust”). The Trust’s Board of Trustees (the “Board”) oversees the management of the Fund and, as required by law, considered the approval of the Fund’s management agreement with its investment adviser, Channel Investment Partners LLC (“Channel”). The Board approved the management agreement, subject to shareholder approval. The shareholders of the Fund approved the agreement by written consent dated July 10, 2020.

The Board requested and evaluated all information that the Trustees deemed reasonably necessary under the circumstances in connection with the approval of the management agreement.

The Trustees met via secure video network on May 14, 2020 and June 17, 2020 to review and discuss materials compiled by Ultimus Fund Solutions, LLC, the Trust’s administrator, with regard to the management agreement between the Trust and Channel. At the Trustees’ quarterly meeting held in May 2020, and at a special meeting held on June 19, 2020, the Board interviewed certain executives of Channel, including Channel’s Managing Partner and Chief Investment Officer. After discussion, the Trustees, including the Trustees who are not “interested persons” (as that term is defined in the Investment Company Act of 1940) of the Trust or Channel (the “Independent Trustees”), approved the management agreement between the Trust and Channel for an initial period of two years. The Trustees’ approval of the Fund’s new management agreement and recommendation that the shareholders approved the management agreement was based on a consideration of all the information provided to the Trustees, and was not the result of any single factor. Some of the factors that figured particularly in the Trustees’ deliberations are described below, although individual Trustees may have evaluated this information differently, ascribing different weights to various factors.

(i) The Nature, Extent and Quality of Services. The Trustees discussed that Channel was established in 2020 and is registered with the SEC as an investment adviser. The Trustees reviewed the background information of Channel’s key investment personnel, taking into consideration their education and financial industry experience. They discussed Channel’s investment process and noted that Channel utilizes a research team to develop investment models based on quantitative analysis. They noted Channel intends to actively manage the Fund as a multi-sector bond fund, primarily focused on corporate credit. The Trustees expressed confidence in Channel’s ability to manage the Fund’s investment strategy and implement the changes discussed. They noted there are no regulatory concerns and that Channel has

***INVESTMENT ADVISORY AGREEMENT APPROVAL –  
(UNAUDITED) – (continued)***

adopted appropriate compliance policies and procedures. The Trustees agreed that Channel has the ability to provide high quality service to the Fund for the benefit of shareholders.

(ii) Fund Performance. The Trustees discussed Channel's proposed changes to the Fund's investment strategy. They also reviewed the prior performance of the portfolio manager for a fund with a similar strategy, which compared favorably to the benchmark for the 1, 5 and 10 years ended December 2015, the performance of the Fund under the current strategy, and concluded that Channel has the ability to maintain and/or increase the performance of the Fund.

(iii) Fee Rate and Profitability. The Trustees considered Channel's proposed management fee, with respect to the Fund, noting that the proposed management fee of 0.40% is the same as the current management fee and the same as the advisory fee charged by the portfolio manager on a Model Allocation Strategy. They noted the Fund's management fee is also in the 56% of the Morningstar Intermediate Core Bond Category. The Trustees considered that Channel has proposed to cap expenses at 0.95% of the Fund's net assets, which is a higher than the expense cap which is currently in place and at the high-end of the Morningstar Category, noting however that it is within the range of funds with a similar strategy. The Trustees considered Channel's explanation that an increase of the current expense cap is necessary for Channel to have capital available for marketing to grow fund assets without the use of the 12b-1 fee. The intention is to scale the size of the Fund so that the shareholders benefit from economies of scale. Mr. Duch also noted that he expects the higher expense ratio may be offset by increased performance of high yield portfolio investments.

The Trustees noted that Channel did not expect to earn a profit from managing the Fund until the second year of the engagement. They also noted that the estimated Fund expenses are below the new expense cap and that recoupment would only be available during the three years since such waivers or reimbursements were incurred, and only after the Fund expenses are below 0.80% for any recoupments rights being assigned. Therefore, the Fund and its shareholders are in the same position with respect to potential recoupment as they are under the current agreement. The Trustees considered what other benefits Channel might receive from managing the Fund and noted Channel's representation that it does not anticipate entering into soft-dollar arrangements on behalf of the Fund.

***INVESTMENT ADVISORY AGREEMENT APPROVAL –  
(UNAUDITED) – (continued)***

After considering the above information, the Trustees concluded that the proposed management fee for the Fund represents reasonable compensation in light of the nature and quality of the services that Channel expects to provide to the Fund, the fees paid by comparable mutual funds, and the anticipated profitability of Channel's services to the Fund.

(iv) Economies of Scale. In determining the reasonableness of the management fee, the Trustees also considered the extent to which Channel will realize economies of scale as the Fund grows. The Trustees determined that, in light of the size of the Fund and Channel's anticipated level of profitability in managing the Fund in the second year of advising the Fund, it does not appear that Channel will realize benefits from economies of scale in managing the Fund to such an extent that the management fee for the Fund should be reduced or that breakpoints in the management fee are necessary at this time.

<b>FACTS</b>	<b>WHAT DOES CHANNEL SHORT DURATION INCOME FUND (THE “Fund”) DO WITH YOUR PERSONAL INFORMATION?</b>
<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>• Social Security number</li> <li>• account balances and account transactions</li> <li>• transaction or loss history and purchase history</li> <li>• checking account information and wire transfer instructions</li> </ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
<b>How?</b>	All financial companies need to share customers’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers’ personal information; the reasons the Fund chooses to share; and whether you can limit this sharing.

<b>Reasons we can share your personal information</b>	<b>Does the Fund share?</b>
<b>For our everyday business purposes—</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	<b>Yes</b>
<b>For our marketing purposes—</b> to offer our products and services to you	<b>No</b>
<b>For joint marketing with other financial companies</b>	<b>No</b>
<b>For our affiliates’ everyday business purposes—</b> information about your transactions and experiences	<b>No</b>
<b>For our affiliates’ everyday business purposes—</b> information about your creditworthiness	<b>No</b>
<b>For nonaffiliates to market to you</b>	<b>No</b>

<b>Questions?</b>	Call (877) 627-8504
-------------------	---------------------

<b>Who we are</b>	
<b>Who is providing this notice?</b>	Channel Short Duration Income Fund Ultimus Fund Distributors, LLC (Distributor) Ultimus Fund Solutions, LLC (Administrator)
<b>What we do</b>	
<b>How does the Fund protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. Our service providers are held accountable for adhering to strict policies and procedures to prevent any misuse of your nonpublic personal information.
<b>How does the Fund collect my personal information?</b>	We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>• open an account or deposit money</li> <li>• buy securities from us or sell securities to us</li> <li>• make deposits or withdrawals from your account or provide account information</li> <li>• give us your account information</li> <li>• make a wire transfer</li> <li>• tell us who receives the money</li> <li>• tell us where to send the money</li> <li>• show your government-issued ID</li> <li>• show your driver's license</li> </ul>
<b>Why can't I limit all sharing?</b>	Federal law gives you the right to limit only <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
<b>Definitions</b>	
<b>Affiliates</b>	Companies related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• <i>Channel Investment Partners LLC, the investment adviser to the Fund, could be deemed to be an affiliate.</i></li> </ul>
<b>Nonaffiliates</b>	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• <i>The Fund does not share your personal information with nonaffiliates so they can market to you</i></li> </ul>
<b>Joint marketing</b>	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> <li>• <i>The Fund doesn't jointly market.</i></li> </ul>

**This page intentionally left blank.**

**This page intentionally left blank.**

## ***OTHER INFORMATION***

The Fund's Statement of Additional Information ("SAI") includes additional information about the trustees and is available without charge, upon request. You may call toll-free at (877) 627-8504 to request a copy of the SAI or to make shareholder inquiries.

## ***PROXY VOTING***

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted those proxies during the most recent twelve month period ended June 30, are available (1) without charge upon request by calling the Fund at (877) 627-8504 and (2) in Fund documents filed with the Securities and Exchange Commission ("SEC") on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **TRUSTEES**

Kenneth G.Y. Grant, Chairman  
David R. Carson  
Daniel J. Condon  
Gary E. Hippenstiel  
Stephen A. Little  
Ronald C. Tritschler

### **OFFICERS**

David R. Carson, President  
Zachary P. Richmond, Treasurer and  
Chief Financial Officer  
Lynn E. Wood, Chief Compliance  
Officer

### **INVESTMENT ADVISER**

Channel Investment Partners LLC  
4601 N. Fairfax Drive, Suite 1200  
Arlington, VA 22203

### **DISTRIBUTOR**

Ultimus Fund Distributors, LLC  
225 Pictoria Drive, Suite 450  
Cincinnati, OH 45246

### **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Cohen & Company, Ltd.  
151 N Franklin Street, Suite 575  
Chicago, IL 60606

### **LEGAL COUNSEL**

Thompson Hine LLP  
312 Walnut Street, 14th Floor  
Cincinnati, OH 45202

### **CUSTODIAN**

Huntington National Bank  
41 South High Street  
Columbus, OH 43215

### **ADMINISTRATOR, TRANSFER AGENT AND FUND ACCOUNTANT**

Ultimus Fund Solutions, LLC  
225 Pictoria Drive, Suite 450  
Cincinnati, OH 45246

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

Distributed by Ultimus Fund Distributors, LLC  
Member FINRA/SIPC