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# **Archer Balanced Fund**

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## **Semi-Annual Report**

**February 28, 2009**

### **Fund Advisor:**

**Archer Investment Corporation, Inc.  
9000 Keystone Crossing, Suite 630  
Indianapolis, IN 46240**

**Toll Free (800) 238-7701**

To Our Shareholders:

The Archer Balanced Fund had a total return of -31.72% for the six months ended February 28, 2009 and -8.74% since inception (September 27, 2005) compared to a total return of -27.92% and -5.47% for the Dow Jones U.S. Moderate Relative Risk Index, respectively. For the six month period ending February 28, 2009, the Fund's net assets of \$7.1 million consisted of 77.31% stocks, 16.26% fixed-income securities and 10.89% cash equivalents.

### **Performance Review**

The Fund's six month performance was again ahead of the S&P 500, but lagged the Dow Jones U.S. Moderate Relative Risk Index. The last six months has been one of the most gut wrenching periods of stock market history that many of us have seen and felt. Although the 1974-75 period was bad, this latest crash was much more a test of nerves than any of us had anticipated, even the greatest of investors of our time. We have gotten off to a slow start in 2009 as we anticipated the worst to be over and kept our tilt toward investing for the long-term by being overweight in equities.

We once again kept our exposure away from U.S. Treasuries. This is looking to be a better decision all of the time. If the Treasury decides to start printing money, U.S. Treasuries should increase in yield and decrease in price, and thus would not be an area we want to be in. We have increased our exposure to Certificate of Deposits and will continue to do so for the next year.

### **Equity Portfolio**

The market continued to be challenging for equities over the last six months. The relative strength of the S&P 500 has fallen to levels that would place it in the bottom relative to the strength of the market for periods over the last 30 to 40 years.

- During the six month period we continued to minimize our exposure to financial institutions by cutting loose of many of the positions we held, including complete disposition of Bank of America, US Bank, and Wells Fargo. This timing was good as we missed big declines in many of these banks. We initiated a position in JP Morgan, as we feel it is in much better shape long-term than many of the other banks. We also increased our positions in China (through an exchange traded fund), and some oil sectors as I see these entry points being too cheap to pass up. I do not see any major changes to the equity side of the portfolio in the coming months as we like the positions the Fund currently owns.
- Equities continued to be weak and may for a bit longer. However, long-term, the values of these companies are extraordinarily inexpensive and the fact a Great Depression like decline in the market is already baked in to the value of many stocks we own and the market in general.

We will continue to adjust our equity portfolio to changing market conditions and look to reduce risk in the overall portfolio by maintaining significant positions in Health Care, Utilities, and Energy. We will look for additional sectors with long-term opportunity. We are currently looking for opportunities in real estate to start wading back into the water. We just do not want to step off a drop-off in a stone quarry. We will look to go back to the waters of the Financials, once the sharks stop swarming the swimming area.

### **Fixed-Income Portfolio**

For the six months ended February 28, 2009, the fixed income portfolio's return was down. Although there has not been much of a change in the portfolio at this point, we are looking at ways to use alternative products, such as Certificates of Deposits or CDs. These CDs are linked to the market upside while guaranteeing our principal and minimizing our risk.

I have said it before and I will say it again, I believe the current inflation in the economy is higher than the numbers stated. This will not bode well for U.S. Treasuries over the next 12 to 24 months. The Treasuries may not be the place to be invested with the government looking at a large bail-out of the real estate crisis and mortgage backed securities. The government will have to print money in the short-term to alleviate the credit crisis, and this will lead to a greater money supply and thus higher interest rates and inflation. This usually will not bode well for Treasuries. Although this has not proven out yet, the explosive amount of money that will be printed and the lack of shortage of Treasuries will keep me away from buying any Treasuries for quite some time. I will look to buy short-term corporate notes to keep the returns in this asset class sector positive to the best of my ability.

### **Current Strategy**

We will continue to monitor the performance of each security on a case by case basis putting valuations on the securities and adjusting the portfolio likewise. There will be times when we discontinue holding a specific security if we feel the valuation is beyond a reasonable valuation of the company. There may be companies that have positive outlooks, but we feel the valuation becomes too high to justify staying in at those levels. If we feel the valuation plays back to a "buying" level, then you may see a re-entry into stocks we have once sold.

The market's volatility as of the end of February is quite high. During these times, it is important to focus on buying companies with long-term horizons, using a strict fundamental valuation of an individual company and not buying sectors because they are hot currently. All shareholders are encouraged to invest over a long-term horizon.

**Many people forget very easily the stock market is undefeated when it comes to bouncing back and regaining ground it has lost. I believe this time will be no different. There will be plenty of fuel for the fire once the market rebounds and the hoards of cash sitting on the sidelines finds its way back to the market. According**

**to history, most of it will find its way back when we are within 25% of the new highs pushing the market much higher.**

We will continue to monitor the fixed income side of the portfolio for prospects of inflation, declines in interest rates, and overall yield.

We will continue to monitor our turnover of positions to attempt to limit the tax effects of the sales of securities as well. However, the tax ramifications are secondary to the valuation of the security.

We continue to purchase securities with a long-term time horizon of three to five years and maintain this policy when purchasing any new securities for the equity side of the portfolio. We may continue to purchase one year notes and short-term equivalents if we feel it is the most appropriate place to invest given the current investment climate.

Thank you for your support for the past year as a shareholder of the Archer Balanced Fund. Our investment strategy is long-term and I am confident in the portfolio, our strategy, and the final outcome. We welcome any comments or questions at any time.

*The views expressed are those of the investment advisor as of February 28, 2009 and are not intended as a forecast or investment recommendations*

## **Investment Results**

### **Total Returns (for the periods ended February 28, 2009)**

|   | <b>Six Months</b> | <b>One Year</b> | <b>Average Annual<br/>Since Inception<br/>(September 27, 2005)</b> |
|---|-------------------|-----------------|--|
| Archer Balanced Fund*                         | -31.72%           | -34.16%         | -8.74%   |
| Dow Jones U.S. Moderate Relative Risk Index** | -27.92%           | -26.86%         | -5.47%   |

Total annual operating expenses for the fiscal year ended August 31, 2008, as disclosed in the Fund's prospectus, were 2.34% of average daily net assets (1.24% after fee waivers/expense reimbursements by the Advisor). The Advisor contractually has agreed to cap certain operating expenses (excluding indirect expenses such as acquired fund fees) of the Fund at 1.20% through December 31, 2009.

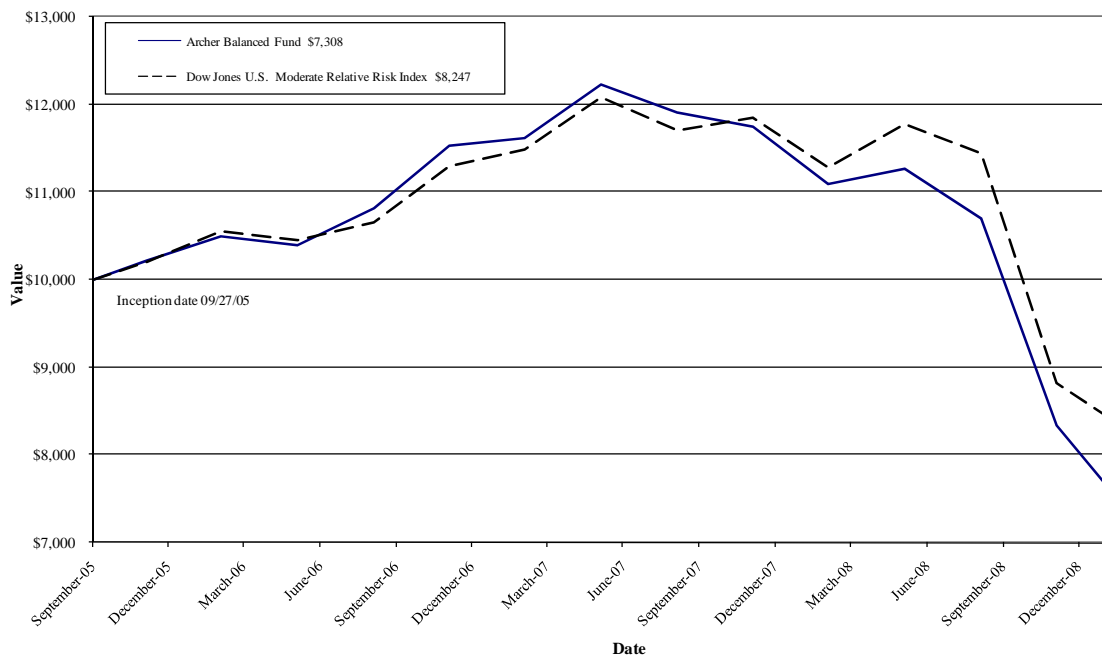
*The performance quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-238-7701.*

\* Return figures reflect any change in price per share and assume the reinvestment of all distributions.

\*\* The Dow Jones US Moderate Relative Risk Index is an unmanaged benchmark that assumes reinvestment of all distributions and excludes the effect of taxes and fees. The Dow Jones US Moderate Relative Risk Index represents a diversified portfolio of U.S. stocks, bonds and cash, and seeks to capture 60% of the risk of the stock market. Although the stock, bond and cash allocations will be approximately 60/35/5, they will vary from month to month based on the risk and correlation of the three asset classes. The Index's equity allocation is weighted equally among six Dow Jones stock indexes (Large-Cap Growth, Large-Cap Value, Mid-Cap Growth, Mid-Cap Value, Small-Cap Growth, Small-Cap Value). The Index's fixed income allocation is equally weighted among three Barclays bond indexes: Government Bond, Corporate Bond and Mortgage Bond. The Index's cash allocation is represented by the Barclays U.S. Treasury Bills: 1-3 Months Index. Individuals cannot invest directly in these indices; however, an individual can invest in exchange traded funds or other investment vehicles that attempt to track the performance of a benchmark index.

*The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. **The prospectus contains this and other important information about the investment company and may be obtained by calling the same number as above.** Please read it carefully before investing. The Fund is distributed by Unified Financial Securities, Inc. Member FINRA.*

**Comparison of the Growth of a \$10,000 Investment in the Archer Balanced Fund and the Dow Jones U.S. Moderate Relative Risk Index**

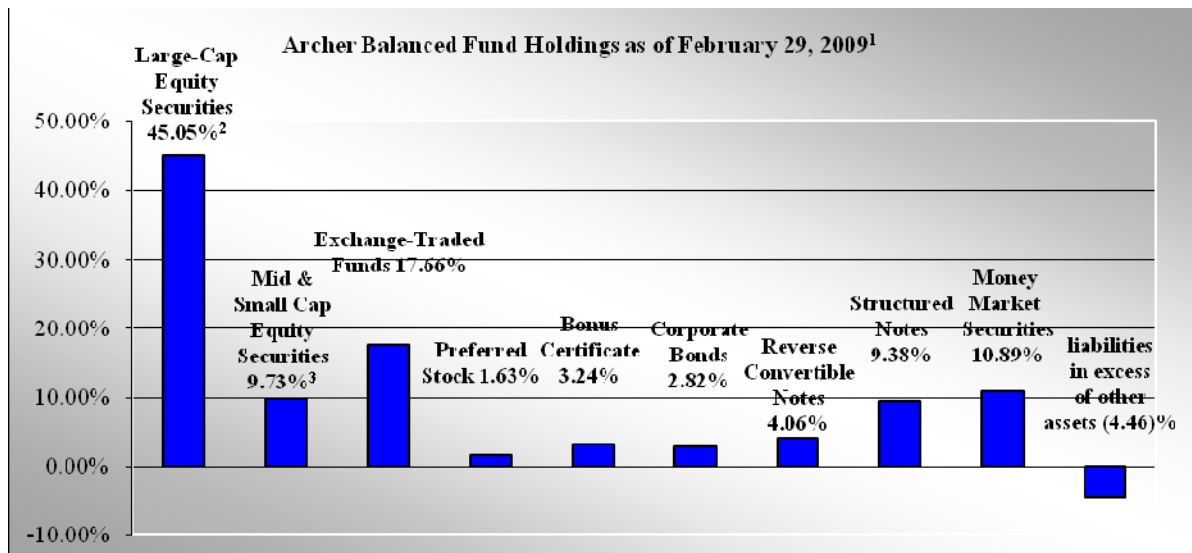


The chart above assumes an initial investment of \$10,000 made on September 27, 2005 (commencement of Fund operations) and held through February 28, 2009. The Dow Jones U.S. Moderate Relative Risk Index is an unmanaged benchmark that assumes reinvestment of all distributions and excludes the effect of taxes and fees. The Index represents a diversified portfolio of U.S. stocks, bonds and cash, and seeks to capture 60% of the risk of the stock market. The chart also assumes reinvestment of all dividends and distributions on the reinvestment dates during the period. **THE FUND'S RETURN REPRESENTS PAST PERFORMANCE AND DOES NOT GUARANTEE 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 your shares, when redeemed, may be worth more or less than their original purchase price.

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 1-800-238-7701.** You should carefully consider the investment objectives, potential risks, management fees, and charges and expenses of the Fund before investing. The Fund's prospectus contains this and other information about the Fund, and should be read carefully before investing.

The Fund is distributed by Unified Financial Securities, Inc., member FINRA.

**Fund Holdings – (Unaudited)**



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

<sup>2</sup>Equity securities with market capitalizations above \$10 billion.

<sup>3</sup>Equity securities with market capitalizations below \$10 billion.

**Availability of Portfolio Schedule – (Unaudited)**

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (“SEC”) for the first and third quarters of each fiscal year on Form N-Q. The Fund’s Forms N-Q are available at the Commission’s website at [www.sec.gov](http://www.sec.gov). The Fund’s Forms N-Q may be reviewed and copied at the Commission’s Public Reference Room in Washington DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

**Summary of Fund’s Expenses – (Unaudited)**

As a shareholder of a Fund, you incur two types of costs: (1) transaction costs (such as short-term redemption fees); and (2) ongoing costs, including management 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.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (September 1, 2008 through February 28, 2009).

**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 = 8.60), 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 the other funds.

Expenses shown are meant to highlight your ongoing costs only and do not reflect any transactional costs such as the redemption fee imposed on short-term redemptions. 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. If incurred, the short-term redemption fee imposed by the Fund would increase your expenses.

| <b>Archer Balanced Fund</b> | <b>Beginning Account Value<br/>September 1, 2008</b> | <b>Ending Account Value<br/>February 28, 2009</b> | <b>Expenses Paid During<br/>the Period September<br/>1, 2008 – February 28,<br/>2009*</b> |
|-----------------------------|--|---|---|
| Actual                      | \$1,000.00   | \$682.84  | \$5.01  |
| Hypothetical**              | \$1,000.00   | \$1,018.84  | \$6.01  |

\*Expenses are equal to the Fund's annualized expense ratio of 1.20%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the partial year period).

\*\* Assumes a 5% return before expenses.

**Archer Balanced Fund**  
**Schedule of Investments**  
**February 28, 2009**  
**(Unaudited)**

| <b>Common Stocks - 54.78%</b>                         | <u>Shares</u> | <u>Value</u>   |
|---|---------------|----------------|
| <b>Agriculture Chemicals - 1.21%</b>                  |               |                |
| Syngenta AG (b)                                       | 2,000         | \$ 85,640      |
| <b>Aircraft Engines &amp; Engine Parts - 1.15%</b>    |               |                |
| United Technologies Corp.                             | 2,000         | 81,660         |
| <b>Beverages - 3.02%</b>                              |               |                |
| Diageo plc (b)  | 1,500         | 69,735         |
| PepsiCo, Inc.   | 3,000         | 144,420        |
|   |               | <u>214,155</u> |
| <b>Computer &amp; Office Equipment - 3.35%</b>        |               |                |
| Cisco Systems, Inc. (a)                               | 10,000        | 145,700        |
| International Business Machines Corp.                 | 1,000         | 92,030         |
|   |               | <u>237,730</u> |
| <b>Crude Petroleum &amp; Natural Gas - 1.13%</b>      |               |                |
| Occidental Petroleum Corp.                            | 1,550         | 80,399         |
| <b>Drilling Oil &amp; Gas Wells - 1.91%</b>           |               |                |
| Noble Corp.   | 5,500         | 135,245        |
| <b>Electric Services - 4.44%</b>                      |               |                |
| FPL Group, Inc.                                       | 5,000         | 226,650        |
| Progress Energy, Inc.                                 | 2,500         | 88,550         |
|   |               | <u>315,200</u> |
| <b>Electric &amp; Other Services Combined - 3.73%</b> |               |                |
| DPL, Inc.   | 4,000         | 80,400         |
| Duke Energy Corp.                                     | 8,000         | 107,760        |
| PG&E Corp.  | 2,000         | 76,440         |
|   |               | <u>264,600</u> |
| <b>Farm Machinery &amp; Equipment - 0.11%</b>         |               |                |
| Deere & Co.   | 275           | 7,560          |
| <b>Food &amp; Kindred Products - 1.09%</b>            |               |                |
| Unilever plc (b)                                      | 4,000         | 77,120         |
| <b>National Commercial Banks - 2.74%</b>              |               |                |
| First Merchants Corp.                                 | 8,000         | 80,400         |
| JPMorgan Chase & Co.                                  | 5,000         | 114,250        |
|   |               | <u>194,650</u> |
| <b>Natural Gas Distribution - 0.88%</b>               |               |                |
| Nicor, Inc.   | 2,000         | 62,760         |
| <b>Petroleum Refining - 2.70%</b>                     |               |                |
| BP plc (b)  | 5,000         | 191,800        |
| <b>Pharmaceutical Preparations - 11.91%</b>           |               |                |
| Bristol-Myers Squibb Co.                              | 14,000        | 257,740        |
| Cubist Pharmaceuticals, Inc. (a)                      | 5,000         | 71,050         |
| Eli Lilly & Co.                                       | 10,000        | 293,800        |
| Johnson & Johnson                                     | 3,000         | 150,000        |
| Novartis AG (b)                                       | 2,000         | 72,500         |
|   |               | <u>845,090</u> |

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

**Archer Balanced Fund**  
**Schedule of Investments - continued**  
**February 28, 2009**  
**(Unaudited)**

**Common Stocks - 54.78% - continued**

|  | <u>Shares</u> | <u>Value</u>     |
|--|---------------|------------------|
| <b>Retail - Drug Stores and Proprietary Stores - 0.73%</b>                     |               |                  |
| CVS Caremark Corp.   | 2,000         | \$ 51,480        |
| <b>Services - Business Services - 1.65%</b>                                    |               |                  |
| Accenture, Ltd. - Class A  | 4,000         | 116,760          |
| <b>Services - Miscellaneous Amusement &amp; Recreation - 2.36%</b>             |               |                  |
| Walt Disney Co./ The   | 10,000        | 167,700          |
| <b>Services - Miscellaneous Health &amp; Allied Services - 1.65%</b>           |               |                  |
| DaVita, Inc. (a)   | 2,500         | 117,300          |
| <b>Services - Prepackaged Software - 1.88%</b>                                 |               |                  |
| Microsoft Corp.  | 8,250         | 133,237          |
| <b>Ship &amp; Boat Building &amp; Repairing - 1.24%</b>                        |               |                  |
| General Dynamics Corp.   | 2,000         | 87,640           |
| <b>Soap, Detergent, Cleaning Preparations, Perfumes, Cosmetics - 1.02%</b>     |               |                  |
| Procter & Gamble Co. / The   | 1,500         | 72,255           |
| <b>Steel Works, Blast Furnaces &amp; Rolling &amp; Finishing Mills - 0.77%</b> |               |                  |
| Titan International, Inc.  | 10,000        | 55,000           |
| <b>Surgical &amp; Medical Instruments &amp; Apparatus - 3.11%</b>              |               |                  |
| 3M Co.   | 3,000         | 136,380          |
| Stryker Corp.  | 2,500         | 84,175           |
|  |               | <u>220,555</u>   |
| <b>Telephone Communications (No Radio Telephone) - 1.00%</b>                   |               |                  |
| AT&T, Inc.   | 3,000         | 71,310           |
| <b>TOTAL COMMON STOCKS (Cost \$5,313,978)</b>                                  |               | <u>3,886,846</u> |
| <b>Exchange-Traded Funds - 17.66%</b>  |               |                  |
| iShares Barclays 1-3 Year Credit Bond Fund                                     | 3,000         | 297,840          |
| iShares Dow Jones U.S. Oil Equipment & Services Index Fund                     | 5,000         | 122,050          |
| iShares Dow Jones U.S. Oil & Gas Exploration & Production Index Fund           | 4,000         | 130,760          |
| iShares FTSE/Xinhua China 25 Index Fund  | 10,000        | 243,100          |
| iShares MSCI Australia Index Fund  | 5,000         | 56,100           |
| iShares MSCI Brazil Index Fund   | 2,000         | 68,400           |
| iShares MSCI South Korea Index Fund  | 3,000         | 65,400           |
| Ultra Dow 30 ProShares Fund  | 5,500         | 113,685          |
| Ultra S&P 500 ProShares Fund   | 9,000         | 155,808          |
| <b>TOTAL EXCHANGE-TRADED FUNDS (Cost \$1,497,182)</b>                          |               | <u>1,253,143</u> |
| <b>Preferred Security - 1.63%</b>  |               |                  |
| Credit Suisse Guernsey BRH, 7.90% callable on 03/28/2013                       | 8,000         | 115,760          |
| <b>TOTAL PREFERRED SECURITY (Cost \$175,528)</b>                               |               | <u>115,760</u>   |

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

**Archer Balanced Fund**  
**Schedule of Investments - continued**  
**February 28, 2009**  
**(Unaudited)**

| <b>Bonus Certificate - 3.24%</b>  | <u>Shares</u>           | <u>Value</u>               |
|---|-------------------------|----------------------------|
| CommerzBank AG, 0.00%, Due 10/17/2013, linked to S&P 500 Index                | 300                     | \$ 230,190                 |
| <b>TOTAL BONUS CERTIFICATE (Cost \$293,800)</b>                               |                         | <u>230,190</u>             |
| <b>Corporate Bonds - 2.82%</b>  | <u>Principal Amount</u> |                            |
| Caterpillar Financial SE, 4.50%, 02/15/2011                                   | 100,000                 | 99,221                     |
| Home Depot, Inc., 5.20%, 03/01/2011   | 100,000                 | <u>100,475</u>             |
| <b>TOTAL CORPORATE BONDS (Cost \$200,599)</b>                                 |                         | <u>199,696</u>             |
| <b>Reverse Convertible Notes - 4.06%</b>                                      |                         |                            |
| Barclays Bank plc, 10.00%, 04/29/2009 convertible to Bristol-Myers Squibb Co. | 25,000                  | 20,780                     |
| Barclays Bank plc, 11.50%, 04/16/2009 convertible to CEMEX, S.A.B. de C.V.    | 150,000                 | 33,600                     |
| Barclays Bank plc, 13.00%, 06/10/2009 convertible to Deere & Co.              | 100,000                 | 96,790                     |
| CommerzBank AG, 8.50%, 03/05/2009 convertible to Pfizer, Inc.                 | 250,000                 | <u>137,023</u>             |
| <b>TOTAL REVERSE CONVERTIBLE NOTES (Cost \$523,476)</b>                       |                         | <u>288,193</u>             |
| <b>Structured Notes - 9.38%</b>   |                         |                            |
| HSBC Bank USA N.A., 0.00%, Due 07/17/2013, linked to S&P 500 Index            | 499,000                 | 456,884                    |
| JPMorgan Chase Bank N.A., 0.00%, Due 11/25/2011, linked to Russell 2000 Index | 100,000                 | 103,510                    |
| JPMorgan Chase Bank N.A., 0.00%, Due 01/31/2012, linked to NDX & NKY Indices  | 100,000                 | <u>104,800</u>             |
| <b>TOTAL STRUCTURED NOTES (Cost \$694,743)</b>                                |                         | <u>665,194</u>             |
| <b>Money Market Securities - 10.89%</b>                                       | <u>Shares</u>           |                            |
| Fidelity Institutional Money Market Portfolio - Class I, 1.21% (c)            | 772,942                 | <u>772,942</u>             |
| <b>TOTAL MONEY MARKET SECURITIES (Cost \$772,942)</b>                         |                         | <u>772,942</u>             |
| <b>TOTAL INVESTMENTS (Cost \$9,472,248) - 104.46%</b>                         |                         | <u>\$ 7,411,964</u>        |
| <b>Liabilities in excess of other assets - (4.46)%</b>                        |                         | <u>(316,671)</u>           |
| <b>TOTAL NET ASSETS - 100.00%</b>   |                         | <u><u>\$ 7,095,293</u></u> |

(a) Non-income producing.

(b) American Depositary Receipt.

(c) Variable rate security; the money market rate shown represents the rate at February 28, 2009.

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

**Archer Balanced Fund**  
**Statement of Assets and Liabilities**  
**February 28, 2009**  
**(Unaudited)**

**Assets**

|                                 |                         |
|---------------------------------|-------------------------|
| Investments in securities:      |                         |
| At cost                         | \$ 9,472,248            |
| At market value                 | <u>\$ 7,411,964</u>     |
| Receivable for investments sold | 266,911                 |
| Interest receivable             | 26,126                  |
| Dividend receivable             | 24,865                  |
| Receivable due from Advisor (a) | 18,177                  |
| Prepaid expenses                | <u>10,022</u>           |
| <b>Total assets</b>             | <u><u>7,758,065</u></u> |

**Liabilities**

|   |                       |
|---|-----------------------|
| Payable for investments purchased                                 | 645,129               |
| Payable to transfer agent, fund accountant and fund administrator | 9,604                 |
| Payable for fund shares purchased                                 | 783                   |
| Payable to trustees and officers                                  | 532                   |
| Payable to custodian  | 507                   |
| Other accrued expenses  | <u>6,217</u>          |
| <b>Total liabilities</b>  | <u><u>662,772</u></u> |

**Net Assets** \$ 7,095,293

**Net Assets consist of:**

|  |                    |
|--|--------------------|
| Paid in capital  | \$ 11,432,169      |
| Accumulated undistributed net investment income            | 120,246            |
| Accumulated net realized loss from investment transactions | (2,396,838)        |
| Net unrealized depreciation on investments                 | <u>(2,060,284)</u> |

**Net Assets** \$ 7,095,293

Shares outstanding (unlimited number of shares authorized) 1,110,978

Net Asset Value and offering price per share \$ 6.39

Redemption price per share (\$6.39 \* .995) (b) \$ 6.36

(a) See Note 3 in the Notes to the Financial Statements.

(b) The Fund charges a 0.50% redemption fee on shares redeemed within 30 calendar days of purchase.

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

**Archer Balanced Fund**  
**Statement of Operations**  
**For the six months year ended February 28, 2009**  
**(Unaudited)**

**Investment Income**

|                                |                |
|--------------------------------|----------------|
| Dividend income                | \$ 102,762     |
| Interest income                | 67,810         |
| <b>Total Investment Income</b> | <u>170,572</u> |

**Expenses**

|  |                 |
|--|-----------------|
| Investment Advisor fee (a)                               | 31,379          |
| Transfer agent expense                                   | 21,257          |
| Administration expense                                   | 14,781          |
| Fund accounting expense                                  | 8,760           |
| Registration expense                                     | 8,614           |
| Auditing expense   | 8,551           |
| Legal expense  | 7,479           |
| Trustee expense  | 4,271           |
| CCO expense  | 3,293           |
| Pricing expense  | 2,955           |
| Custodian expense  | 2,303           |
| Insurance expense  | 778             |
| Miscellaneous expense                                    | 280             |
| <b>Total Expenses</b>                                    | <u>114,701</u>  |
| Less: Fees waived and expenses reimbursed by Advisor (a) | <u>(64,494)</u> |
| Net operating expenses                                   | <u>50,207</u>   |
| <b>Net Investment Income</b>                             | <u>120,365</u>  |

**Realized & Unrealized Gain (loss)**

|   |                             |
|---|-----------------------------|
| Capital gain dividends from real estate investment companies                  | 1,380                       |
| Net realized gain (loss) on investment securities                             | (1,763,630)                 |
| Change in net unrealized appreciation (depreciation) on investment securities | <u>(1,598,927)</u>          |
| Net realized and unrealized gain (loss) on investment securities              | <u>(3,361,177)</u>          |
| <b>Net decrease in net assets resulting from operations</b>                   | <u><u>\$(3,240,812)</u></u> |

(a) See Note 3 in the Notes to the Financial Statements.

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

**Archer Balanced Fund**  
**Statements of Changes In Net Assets**

|  | <b>For the Six<br/>Months Ended<br/>February 28, 2009<br/>(Unaudited)</b> | <b>Year Ended<br/>August 31, 2008</b> |
|--|---|---------------------------------------|
| <b>Increase (Decrease) in Net Assets:</b>  |   |                                       |
| <b>Operations:</b>   |   |                                       |
| Net investment income  | \$ 120,365  | \$ 338,186                            |
| Capital gain dividends from real estate investment companies                               | 1,380   | 3,625                                 |
| Net realized gain (loss) on investment securities  | (1,763,630)   | (622,440)                             |
| Change in net unrealized appreciation (depreciation) on investments                        | (1,598,927)   | (949,162)                             |
| Net increase (decrease) in net assets resulting from operations                            | <u>(3,240,812)</u>  | <u>(1,229,791)</u>                    |
| <b>Distributions to Shareholders:</b>  |   |                                       |
| From net investment income   | (299,096)   | (244,993)                             |
| From net realized gain   | -   | (242,427)                             |
| Change in net assets from distributions  | <u>(299,096)</u>  | <u>(487,420)</u>                      |
| <b>Capital Share Transactions:</b>   |   |                                       |
| Proceeds from Fund shares sold   | 826,445   | 1,851,724                             |
| Reinvestment of distributions  | 292,991   | 487,420                               |
| Amount paid for Fund shares repurchased  | (393,082)   | (1,462,035)                           |
| Redemption fees  | 1   | -                                     |
| Net increase in net assets resulting<br>from capital share transactions                    | <u>726,355</u>  | <u>877,109</u>                        |
| <b>Total Increase (Decrease) in Net Assets</b>   | <u>(2,813,553)</u>  | <u>(840,102)</u>                      |
| <b>Net Assets</b>  |   |                                       |
| Beginning of period  | <u>9,908,846</u>  | <u>10,748,948</u>                     |
| End of period  | <u>\$ 7,095,293</u>   | <u>\$ 9,908,846</u>                   |
| Accumulated undistributed net investment income<br>included in net assets at end of period | <u>\$ 120,246</u>   | <u>\$ 298,977</u>                     |
| <b>Capital Share Transactions</b>  |   |                                       |
| Shares sold  | 97,820  | 176,035                               |
| Reinvestment of distributions  | 39,700  | 45,553                                |
| Shares repurchased   | <u>(50,238)</u>   | <u>(148,693)</u>                      |
| Net increase from capital share transactions   | <u>87,282</u>   | <u>72,895</u>                         |

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

**Archer Balanced Fund**  
**Financial Highlights**

(For a share outstanding during the period)

|   | <b>For the Six<br/>Months Ended<br/>February 28, 2009<br/>(Unaudited)</b> | <b>Year Ended<br/>August 31, 2008</b> | <b>Year Ended<br/>August 31, 2007</b> | <b>Period Ended<br/>August 31, 2006</b> (a) |
|---|---|---------------------------------------|---------------------------------------|---|
| <b>Selected Per Share Data:</b>   |   |                                       |                                       |   |
| Net asset value, beginning of period                                      | \$ 9.68   | \$ 11.31                              | \$ 10.75                              | \$ 10.00                                    |
| <b>Income (loss) from Investment Operations:</b>                          |   |                                       |                                       |   |
| Net investment income   | 0.11 (b)  | 0.33                                  | 0.29                                  | 0.29  |
| Net realized and unrealized gain (loss)                                   | (3.12)  | (1.46)                                | 0.79                                  | 0.53  |
| Total from investment operations  | <u>(3.01)</u>   | <u>(1.13)</u>                         | <u>1.08</u>                           | <u>0.82</u>                                 |
| <b>Less Distributions to Shareholders:</b>                                |   |                                       |                                       |   |
| From net investment income  | (0.28)  | (0.25)                                | (0.29)                                | (0.07)                                      |
| From net capital gain   | -   | (0.25)                                | (0.23)                                | -   |
| Total distributions   | <u>(0.28)</u>   | <u>(0.50)</u>                         | <u>(0.52)</u>                         | <u>(0.07)</u>                               |
| Paid in capital from redemption fees                                      | - (c)   | -                                     | - (c)                                 | - (c)                                       |
| Net asset value, end of period  | <u>\$ 6.39</u>  | <u>\$ 9.68</u>                        | <u>\$ 11.31</u>                       | <u>\$ 10.75</u>                             |
| <b>Total Return</b> (d)   | -31.72% (e)   | -10.46%                               | 10.09%                                | 8.24% (e)                                   |
| <b>Ratios and Supplemental Data:</b>                                      |   |                                       |                                       |   |
| Net assets, end of period (000)   | \$ 7,095  | \$ 9,909                              | \$ 10,749                             | \$ 8,112                                    |
| Ratio of expenses to average net assets                                   | 1.20% (f)   | 1.20%                                 | 1.20%                                 | 1.20% (f)                                   |
| Ratio of expenses to average net assets before reimbursement              | 2.74% (f)   | 2.30%                                 | 2.21%                                 | 3.00% (f)                                   |
| Ratio of net investment income to average net assets                      | 2.88% (f)   | 3.20%                                 | 2.86%                                 | 3.27% (f)                                   |
| Ratio of net investment income to average net assets before reimbursement | 1.34% (f)   | 2.10%                                 | 1.85%                                 | 1.47% (f)                                   |
| Portfolio turnover rate   | 45.25% (e)  | 115.68%                               | 66.98%                                | 82.91%                                      |

(a) For the period September 27, 2005 (the date the Fund commenced operations) through August 31, 2006.

(b) Per share net investment income has been calculated using the average shares method.

(c) Redemption fees resulted in less than \$0.005 per share.

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

(e) Not annualized.

(f) Annualized.

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

**Archer Balanced Fund**  
**Notes to the Financial Statements**  
**February 28, 2009**  
**(Unaudited)**

**NOTE 1. ORGANIZATION**

Archer Balanced Fund (the “Fund”) was organized as a diversified series of Unified Series Trust, an Ohio business trust (the “Trust”). 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 (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 Trustees. The investment objective of the Fund is total return. Total return is comprised of both income and capital appreciation. The investment advisor to the Fund is Archer Investment Corporation, Inc. (the “Advisor”). The Fund commenced operations on September 27, 2005.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

*Securities Valuation* - Equity securities are generally valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Advisor believes such prices more accurately reflect the fair market value of such securities. Securities that are traded on any stock exchange are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an exchange traded security is generally valued by the pricing service at its last bid price. Securities traded in the NASDAQ over-the-counter market are generally valued by the pricing service at the NASDAQ Official Closing Price. When market quotations are not readily available, when the Advisor determines that the market quotation or the price provided by the pricing service does not accurately reflect the current market value or when restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the Advisor, in conformity with guidelines adopted by and subject to review of the Board.

Fixed income securities are generally valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Advisor believes such prices more accurately reflect the fair market value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. If the Advisor decides that a price provided by the pricing service does not accurately reflect the fair market value of the securities, when prices are not readily available from a pricing service, or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Advisor, in conformity with guidelines adopted by and subject to review of the Board. Short term investments in fixed income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using the amortized cost method of valuation, which the Board has determined will represent fair value. The ability of issuers of debt securities held by the Fund to meet their obligations may be affected by economic and political developments in a specific country or region.

In accordance with the Trust’s good faith pricing guidelines, the Advisor 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 standard exists 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 Advisor would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. Methods which are in accord 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.

Good faith pricing is permitted if, in the Advisor’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 a Fund’s NAV calculation that may affect a security’s value, or the Advisor is aware of any other data that calls into question the reliability of market quotations. Investments in foreign securities, junk bonds or other thinly traded securities are more likely to trigger fair valuation than other securities.

**Archer Balanced Fund**  
**Notes to the Financial Statements - continued**  
**February 28, 2009**  
**(Unaudited)**

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

The Fund may invest in reverse convertible notes, which are short-term notes (i.e., with maturities of one year) that are linked to individual equity securities. The issuers of these notes make regular interest payments to the holders, but these notes also have a put option attached, giving the issuer the right to exercise that option only if the price of the related security drops below a stated price.

*Federal Income Taxes* – The Fund makes no provision for federal income tax. The Fund intends to qualify each year as a “regulated investment company” under subchapter M of the Internal Revenue Code of 1986, as amended, by distributing substantially all of its net investment income and net realized capital gains. If the required amount of net investment income is not distributed, the Fund could incur a tax expense.

*Accounting for Uncertainty in Income Taxes* – The Fund adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48 (“FIN 48”), *Accounting for Uncertainty in Income Taxes* effective June 29, 2007. FIN 48 was applied to all open tax years as of the effective date. The adoption of FIN 48 had no impact on the Fund’s net assets or results of operation.

As of and during the period ended August 31, 2008, the Fund did not have a liability 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. During the period, the Fund did not incur any interest or penalties. The Fund is subject to examination by U.S. federal tax authorities for tax years 2006, 2007, and 2008.

*Fair Value Measurements* - The Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (“FAS 157”), effective September 1, 2008. In accordance with FAS 157, 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. FAS 157 established 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, for example, the risk inherent in a particular valuation technique used to measure fair value including such 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 from sources independent of the reporting entity.

Unobservable 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 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including 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)

**Archer Balanced Fund**  
**Notes to the Financial Statements - continued**  
**February 28, 2009**  
**(Unaudited)**

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

The following is a summary of the inputs used at February 28, 2009 in valuing the Fund's assets carried at fair value:

| Valuation Inputs  | Investments in Securities | Other Financial Instruments (i.e., off-balance sheet items)* |
|---|---------------------------|--|
| Level 1 – Direct Market Prices in Observable Markets or Quoted Prices | \$ 6,028,691              | \$ -   |
| Level 2 – Other Significant Observable Inputs                         | \$ 1,383,273              | \$ -   |
| Level 3 – Internal Unobservable Inputs                                | \$ -                      | \$ -   |
| Total   | \$ 7,411,964              | \$ -   |

\*Other financial instruments include call options, futures, forwards, and swap contracts.

FAS 157 requires a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value. The Fund did not hold any assets at any time during the reporting period in which significant unobservable inputs were used in determining fair value; therefore, no reconciliation is included for this reporting period.

*Derivative Instruments and Hedging Activities* – In March 2008, FASB issued the Statement on Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities (“SFAS 161”). SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. SFAS 161 requires enhanced disclosures about the Fund's derivative and hedging activities, including how such activities are accounted for and their effect on the Fund's financial position, performance, and cash flows. Management is currently evaluating the impact the adoption of SFAS 161 will have on the Fund's financial statements and related disclosures.

*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. The specific identification method is used for determining gains or losses for financial statements 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 amortized or accreted using the effective interest method. 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 all of its net investment income as dividends to its shareholders on an annual basis. The Fund intends to distribute net realized long term capital gains and net realized short term capital gains to its shareholders at least once a year. 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 values per share of the Fund.

**Archer Balanced Fund**  
**Notes to the Financial Statements - continued**  
**February 28, 2009**  
**(Unaudited)**

**NOTE 3. FEES AND OTHER TRANSACTIONS WITH AFFILIATES**

The Advisor, under the terms of the management agreement (the “Agreement”), manages the Fund’s investments. As compensation for its management services, the Fund is obligated to pay the Advisor a fee computed and accrued daily and paid monthly at an annual rate of 0.75% of the Fund’s average net assets. For the six months ended February 28, 2009, the Advisor earned fees of \$31,379 from the Fund before the waiver and reimbursement described below.

The Advisor has contractually agreed to waive its management fee and/or reimburse expenses through December 31, 2009 so that net annual operating expenses, excluding brokerage fees and commissions, 12b-1 fees, borrowing costs (such as interest and dividend expenses on securities sold short), taxes, extraordinary expenses, and any indirect expenses (such as expenses incurred by other investment companies in which the Fund invests) do not exceed 1.20% of the Fund’s average daily net assets. For the six months ended February 28, 2009, the Advisor waived fees and/or reimbursed expenses of \$64,494. At February 28, 2009, the Advisor owed the Fund \$18,177. Each waiver or reimbursement by the Advisor is subject to repayment by the Fund within the three fiscal years following the fiscal year in which the particular waiver or reimbursement occurred, provided that the Fund is able to make the repayment without exceeding the 1.20% expense limitation. Fees waived during the six months ended February 28, 2009 totaling \$64,494 may be subject to potential recoupment by the Advisor through August 31, 2012. The amounts subject to repayment by the Fund, pursuant to the aforementioned conditions, at August 31, 2008 were as follows:

| <u>Amount</u> | <u>Subject to repayment<br/>by August 31,</u> |
|---------------|---|
| \$ 113,942    | 2009  |
| 98,275        | 2010  |
| 116,258       | 2011  |

The Trust retains Unified Fund Services, Inc. (“Unified”) to manage the Fund’s business affairs and provide the Fund with administrative services, including all regulatory reporting and necessary office equipment and personnel. For the six months ended February 28, 2009, Unified earned fees of \$14,781 for administrative services provided to the Fund. At February 28, 2009, the Fund owed Unified \$3,111 for administrative services. Certain officers of the Trust are members of management and/or employees of Unified. Unified operates as a wholly-owned subsidiary of Huntington Bancshares, Inc., the parent company of the Distributor and Huntington National Bank, the custodian of the Fund’s investments (the “Custodian”). A Trustee of the Trust is a member of management of the Custodian. For the six months ended February 28, 2009, the Custodian earned fees of \$2,303 for custody services provided to the Fund. At February 28, 2009, the Fund owed the Custodian \$507 for custody services.

The Trust also retains Unified to act as the Fund’s transfer agent and to provide fund accounting services. For the six months ended February 28, 2009, Unified earned fees of \$7,042 from the Fund for transfer agent services and \$14,215 in reimbursement for out-of-pocket expenses incurred in providing transfer agent services. For the six months ended February 28, 2009, Unified earned fees of \$8,760 from the Fund for fund accounting services. At February 28, 2009, the Fund owed Unified \$1,552 for transfer agent services and \$3,403 in reimbursement of out-of-pocket charges. At February 28, 2009, the Fund owed Unified \$1,538 for fund accounting services.

The Fund has adopted a Distribution Plan (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act. The Plan provides that the Fund will pay its Advisor and/or any registered securities dealer, financial institution or any other person (a “Recipient”) a shareholder servicing fee aggregating 0.25% of the average daily net assets of the Fund in connection with the promotion and distribution of Fund shares or the provision of personal services to shareholders, including, but not necessarily limited to, advertising, compensation to underwriters, dealers and selling personnel, the printing and mailing of prospectuses to other than current Fund shareholders, the printing and mailing of sales literature and servicing shareholder accounts. The Fund and/or its Advisor may pay all or a portion of these fees to any Recipient who renders assistance in distributing or promoting the sale of shares, or who provides certain shareholder services, pursuant to a written agreement. The Plan is a compensation plan, which means that compensation is provided regardless of 12b-1 expenses actually incurred. The Plan is not currently activated and the plan will not be activated through December 31, 2009.

**Archer Balanced Fund**  
**Notes to the Financial Statements - continued**  
**February 28, 2009**  
**(Unaudited)**

**NOTE 3. FEES AND OTHER TRANSACTIONS WITH AFFILIATES - continued**

Unified Financial Securities, Inc. (the “Distributor”) acts as the principal distributor of the Fund’s shares. There were no payments made to the Distributor by the Fund for the six months ended February 28, 2009. A Trustee of the Trust is a member of management of Huntington National Bank, a subsidiary of Huntington Bancshares, Inc. (the parent of the Distributor) and an officer of the Trust is an officer of the Distributor; such persons may be deemed to be affiliates of the Distributor.

**NOTE 4. INVESTMENTS**

For the six months ended February 28, 2009, 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><b>Amount</b></u> |
|-----------------------------|----------------------|
| U.S. Government Obligations | \$ -                 |
| Other                       | 4,417,692            |
| <b>Sales</b>                |                      |
| U.S. Government Obligations | \$ -                 |
| Other                       | 3,397,046            |

At February 28, 2009, the net unrealized depreciation of investments for tax purposes was as follows:

|                                    |                              |
|------------------------------------|------------------------------|
| Gross Appreciation                 | \$ 52,601                    |
| Gross (Depreciation)               | (2,112,885)                  |
| Net Depreciation<br>on Investments | <u><u>\$ (2,060,284)</u></u> |

At February 28, 2009, the aggregate cost of securities for federal income tax purposes was \$9,472,248.

**NOTE 5. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**NOTE 6. BENEFICIAL 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. At February 28, 2009, no shareholder held over 25% of the Fund’s shares.

**Archer Balanced Fund**  
**Notes to the Financial Statements - continued**  
**February 28, 2009**  
**(Unaudited)**

**NOTE 7. DISTRIBUTIONS**

On December 22, 2008, the Fund paid an income distribution of \$0.2776 per share to shareholders of record on December 19, 2008.

The tax characterization of distributions for the fiscal years ended August 31, 2008 and August 31, 2007 were as follows:

| Distributions paid from: | 2008       | 2007       |
|--------------------------|------------|------------|
| Ordinary Income          | \$ 244,993 | \$ 234,677 |
| Short-Term Capital Gain  | 140,306    | 183,713    |
| Long-Term Capital Gain   | 102,121    | -          |
|                          | \$ 487,420 | \$ 418,390 |

At August 31, 2008, the components of distributable earnings / (accumulated losses) on a tax basis were as follows:

|  |              |
|--|--------------|
| Undistributed ordinary income              | \$ 299,066   |
| Capital loss carryforward                  | (68,795)     |
| Net Unrealized appreciation (depreciation) | (1,027,239)  |
|  | \$ (796,968) |

At August 31, 2008, the difference between book basis and tax basis unrealized appreciation is attributable to the tax deferral of losses on wash sales in the amount of \$118 and tax deferral of post-October losses in the amount of \$565,763. The differences between distributable-earnings noted above and book basis is attributable to differences in the character of income generated from certain underlying investments.

**NOTE 8. Capital Loss Carryforward**

At August 31, 2008, the Fund had available for federal tax purposes unused capital loss carryforwards of \$68,795. The carryforward expires as follows:

| Amount    | Expires August 31, |
|-----------|--------------------|
| \$ 68,795 | 2016               |

## 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 (800) 238-7701 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 Funds voted those proxies during the most recent twelve month period ended June 30, is available without charge upon request by (1) calling the Fund at (800) 238-7701 and (2) from Fund documents filed with the Securities and Exchange Commission ("SEC") on the SEC's website at [www.sec.gov](http://www.sec.gov).

### TRUSTEES

Stephen A. Little, Chairman  
Gary E. Hippenstiel  
Daniel J. Condon  
Ronald C. Tritschler  
Nancy V. Kelly  
Kenneth G.Y. Grant

### OFFICERS

Anthony J. Ghoston, President  
John Swhear, Senior Vice-President  
Christopher E. Kashmerick, Treasurer and Chief Financial Officer  
William J. Murphy, Assistant Treasurer  
Heather A. Bonds, Secretary  
Lynn Wood, Chief Compliance Officer  
Tara Pierson, Assistant Secretary

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### ADMINISTRATOR, TRANSFER AGENT AND FUND ACCOUNTANT

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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.

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