

# BRETTON FUND

**Semi-Annual Report**

June 30, 2018

BRTNX

August 17, 2018

Dear Fellow Shareholders:

The Bretton Fund's net asset value per share (NAV) as of June 30, 2018, was \$32.04. The performance for the first half of the year was 3.79% and 4.81% for the second quarter.

#### Total Returns as of June 30, 2018<sup>(A)</sup>

	<u>2nd Quarter</u>	<u>First Half 2018</u>	<u>1 Year</u>	<u>Annualized 3 Years</u>	<u>Annualized 5 Years</u>	<u>Annualized Since Inception</u>
<b>Bretton Fund</b>	4.81%	3.79%	21.36%	8.09%	8.63%	11.56%
S&P 500® Index <sup>(B)</sup>	3.43%	2.65%	14.37%	11.93%	13.42%	14.23%

<sup>(A)</sup> All returns include change in share prices and, in each case, include reinvestment of any dividends and capital gain distributions. The inception date of the Bretton Fund was September 30, 2010.

<sup>(B)</sup> The S&P 500® Index is a broad-based stock market index based on the market capitalizations of 500 leading companies publicly traded in the US stock market, as determined by Standard & Poor's, and captures approximately 80% coverage of available market capitalization.

*Performance data quoted represents past performance. Past performance 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. Current performance may be lower or higher than the performance data quoted. You may obtain performance data current to the most recent month-end at <http://brettonfund.com> or by calling 800.231.2901.*

*All returns include change in share prices, reinvestment of any dividends, and capital gains distributions. The index shown is a broad-based, unmanaged index commonly used to measure performance of US stocks. The index does not incur expenses and is not available for investment. The fund's expense ratio is 1.50%. The fund's principal underwriter is Rafferty Capital Markets, LLC.*

#### Contributors to Performance

Alphabet was the largest contributor to performance during the second quarter, adding 0.8% to the fund. TJX, announcing healthy first-quarter earnings, also contributed 0.8%, and Mastercard added 0.7%.

After a long run of great price performance, the stocks of Bank of America and JPMorgan Chase took a bit of breather this quarter, easing 0.4% and 0.3% off the fund, respectively. Berkshire Hathaway, which also owns a substantial amount of bank stocks, took 0.3% off the fund's performance.

#### Portfolio

<u>Security</u>	<u>% of Net Assets</u>
Alphabet, Inc.	10.9%
Union Pacific Corp.	7.5%
Bank of America Corp.	6.6%
MasterCard, Inc.	6.3%
Ross Stores, Inc.	6.3%
AutoZone, Inc.	5.8%
Wells Fargo & Company	5.7%
American Express Co.	5.6%
The TJX Companies, Inc.	5.5%
JPMorgan Chase & Co.	5.5%

Continental Building Products, Inc.	5.4%
Visa, Inc.	5.3%
Carter's, Inc.	5.2%
Berkshire Hathaway, Inc.	4.8%
Canadian Pacific Railway Limited	4.6%
Discovery Communications, Inc.	3.2%
HD Supply Holdings, Inc.	2.9%
Armanino Foods of Distinction, Inc.	2.2%
Cash*	0.7%

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

We exited a handful of investments this quarter. Our saga with MEDNAX came to close, resulting in an overall 31.1% loss. The doctor staffing company had a great multi-decade run buying up private doctor practices, but the twin pressures of weak reimbursement rates and high salaries in recent years killed margins. We had a much better experience with Verisk, which holds a near-monopolistic position on data and software for the property insurance industry. Despite paying a relatively high initial price, we saw a 14.9% annualized return over the past three years as its core business thrived and it made good acquisitions. We also sold off paint company PPG, giving us a 9.5% annualized return over the past two years, which we believe represents a solid—though not spectacular—return. Growth was underwhelming, and we found better uses for our capital.

The fund didn't make any new investments in the quarter, but added to positions in AutoZone, Berkshire Hathaway, and Wells Fargo.

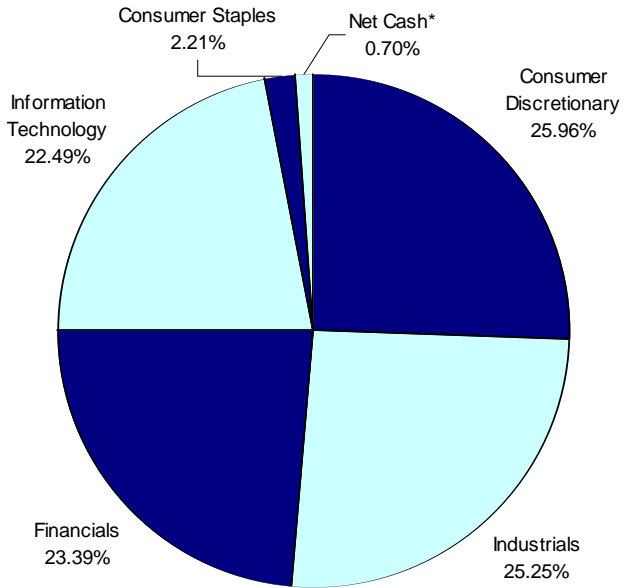
As we mentioned last quarter, the corporate tax cut has increased earnings for our companies—and most US companies—raising their underlying values. While the market isn't cheap, we are finding a number of attractive situations and have essentially been fully invested most of this year.

As always, thank you for investing.

Stephen Dodson  
Portfolio Manager

Raphael de Balmann  
Portfolio Manager

**Bretton Fund by Sectors**  
**(as a percentage of Net Assets)**  
**(Unaudited)**



\* Net Cash represents cash and other assets less liabilities.

# Bretton Fund

## Schedule of Investments June 30, 2018 (Unaudited)

Shares	Cost	Fair Value	% of Net Assets
<b>COMMON STOCKS</b>			
<b>Apparel &amp; Other Finished Products of Fabrics &amp; Similar Material</b>			
14,000 Carter's, Inc.	\$ 1,048,787	\$ 1,517,460	5.20%
<b>Cable &amp; Other Pay Television Services</b>			
33,500 Discovery Communications, Inc. - Class A *	1,065,807	921,250	3.16%
<b>Canned, Frozen &amp; Preserved Fruit, Vegetables &amp; Food Specialties</b>			
245,430 Armanino Foods of Distinction, Inc.	241,491	645,481	2.21%
<b>Concrete, Gypsum &amp; Plaster Products</b>			
50,000 Continental Building Products, Inc. *	1,207,224	1,577,500	5.41%
<b>Finance Services</b>			
16,600 American Express Company	1,162,234	1,626,800	5.58%
<b>Fire, Marine &amp; Casualty Insurance</b>			
7,500 Berkshire Hathaway Inc. - Class B *	1,116,560	1,399,875	4.80%
<b>National Commercial Banks</b>			
68,400 Bank of America Corporation	1,087,675	1,928,196	
15,400 JPMorgan Chase & Co.	824,088	1,604,680	
30,000 Wells Fargo & Company	1,174,729	1,663,200	
	3,086,492	5,196,076	17.81%
<b>Railroad, Line-Haul Operating</b>			
7,400 Canadian Pacific Railway Limited (Canada)	1,162,494	1,354,348	
15,350 Union Pacific Corporation	1,243,057	2,174,788	
	2,405,551	3,529,136	12.10%
<b>Retail - Auto &amp; Home Supply Stores</b>			
2,500 AutoZone, Inc. *	1,700,632	1,677,325	5.75%
<b>Retail - Family Clothing Stores</b>			
21,700 Ross Stores Inc.	519,491	1,839,075	
17,000 The TJX Companies, Inc.	1,228,897	1,618,060	
	1,748,388	3,457,135	11.85%
<b>Services - Business Services, NEC</b>			
9,380 MasterCard Incorporated - Class A	849,356	1,843,358	
11,600 Visa Inc. - Class A	962,813	1,536,420	
	1,812,169	3,379,778	11.59%
<b>Services - Computer Processing &amp; Data Preparation</b>			
2,850 Alphabet Inc. - Class C *	2,082,582	3,179,602	10.90%
<b>Wholesale - Durable Goods</b>			
20,000 HD Supply Holdings, Inc. *	610,528	857,800	2.94%
<b>Total for Common Stocks</b>	<b>\$ 19,288,445</b>	<b>\$ 28,965,218</b>	<b>99.30%</b>
<b>Total Investment Securities</b>	<b>\$ 19,288,445</b>	<b>\$ 28,965,218</b>	
<b>Other Assets in Excess of Liabilities</b>		<b>\$ 203,632</b>	<b>0.70%</b>
<b>Net Assets</b>		<b>\$ 29,168,850</b>	<b>100.00%</b>

\* Non-Income Producing Securities.

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

# Bretton Fund

## Statement of Assets and Liabilities (Unaudited)

June 30, 2018

Assets:	
Investment Securities at Fair Value	\$ 28,965,218
(Cost \$19,288,445)	
Cash	231,327
Dividend Receivable	8,603
Total Assets	<u>29,205,148</u>
Liabilities:	
Payable to Adviser (Note 4)	36,298
Total Liabilities	<u>36,298</u>
Net Assets	<u>\$ 29,168,850</u>
Net Assets Consist of:	
Paid In Capital	\$ 19,645,841
Accumulated Undistributed Net Investment Income (Loss)	(72,609)
Accumulated Undistributed Realized Gain (Loss) on Investments - Net	(81,155)
Unrealized Appreciation (Depreciation) in Value of Investments	
Based on Identified Cost - Net	9,676,773
Net Assets, for 910,408 Shares Outstanding	<u>\$ 29,168,850</u>
(Unlimited shares authorized)	
Net Asset Value, Offering Price and Redemption Price Per Share	
(\$29,168,850/910,408 shares)	\$ 32.04

## Statement of Operations (Unaudited)

For the six month period ended June 30, 2018

Investment Income:	
Dividends (Net of foreign withholding taxes and fees of \$897)	\$ 155,979
Interest	898
Total Investment Income	<u>156,877</u>
Expenses:	
Management Fees (Note 4)	229,486
Total Expenses	<u>229,486</u>
Net Investment Income (Loss)	(72,609)
Realized and Unrealized Gain (Loss) on Investments:	
Realized Gain (Loss) on Investments	132,646
Net Change in Unrealized Appreciation (Depreciation) on Investments	909,439
Net Realized and Unrealized Gain (Loss) on Investments	<u>1,042,085</u>
Net Increase (Decrease) in Net Assets from Operations	<u>\$ 969,476</u>

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

# Bretton Fund

## Statements of Changes in Net Assets

	(Unaudited)	
	1/1/2018 to 6/30/2018	1/1/2017 to 12/31/2017
From Operations:		
Net Investment Income (Loss)	\$ (72,609)	\$ (139,958)
Net Realized Gain (Loss) on Investments	132,646	113,191
Net Change in Unrealized Appreciation (Depreciation) on Investments	909,439	4,705,620
Increase (Decrease) in Net Assets from Operations	969,476	4,678,853
From Distributions to Shareholders:		
Net Investment Income	-	-
Net Realized Gain from Investment Transactions	-	-
Change in Net Assets from Distributions	-	-
From Capital Share Transactions:		
Proceeds From Sale of Shares	2,355,859	1,583,724
Shares Issued on Reinvestment of Distributions	-	-
Cost of Shares Redeemed	(4,872,699)	(203,858)
Net Increase (Decrease) from Shareholder Activity	(2,516,840)	1,379,866
Net Increase (Decrease) in Net Assets	(1,547,364)	6,058,719
Net Assets at Beginning of Period	30,716,214	24,657,495
Net Assets at End of Period (Including Accumulated Undistributed Net Investment Income (Loss) of (\$72,609) and \$0, respectively)	<u>\$ 29,168,850</u>	<u>\$ 30,716,214</u>
Share Transactions:		
Issued	74,259	58,371
Reinvested	-	-
Redeemed	(158,798)	(7,378)
Net Increase (Decrease) in Shares	(84,539)	50,993
Shares Outstanding Beginning of Period	994,947	943,954
Shares Outstanding End of Period	<u>910,408</u>	<u>994,947</u>

## Financial Highlights

Selected data for a share outstanding throughout the period:	(Unaudited)					
	1/1/2018 to 6/30/2018	1/1/2017 to 12/31/2017	1/1/2016 to 12/31/2016	1/1/2015 to 12/31/2015	1/1/2014 to 12/31/2014	1/1/2013 to 12/31/2013
Net Asset Value -						
Beginning of Period	\$ 30.87	\$ 26.12	\$ 23.98	\$ 25.72	\$ 23.44	\$ 18.84
Net Investment Income (Loss) <sup>(a)</sup>	(0.07)	(0.14)	(0.11)	(0.01)	0.01	-
Net Gain (Loss) on Investments (Realized and Unrealized)	1.24	4.89	2.68	(1.69)	2.28	5.00
Total from Investment Operations	1.17	4.75	2.57	(1.70)	2.29	5.00
Distributions (From Net Investment Income)	-	-	-	-	(0.01)	-
Distributions (From Realized Capital Gains)	-	-	(0.43)	(0.04)	-	(0.40)
Total Distributions	-	-	(0.43)	(0.04)	(0.01)	(0.40)
Net Asset Value -						
End of Period	<u>\$ 32.04</u>	<u>\$ 30.87</u>	<u>\$ 26.12</u>	<u>\$ 23.98</u>	<u>\$ 25.72</u>	<u>\$ 23.44</u>
Total Return <sup>(c)</sup>	3.79% *	18.19%	10.68%	(6.59)%	9.79%	26.53%
Ratios/Supplemental Data						
Net Assets - End of Period (Thousands)	\$ 29,169	\$ 30,716	\$ 24,657	\$ 20,531	\$ 10,549	\$ 7,892
Ratio of Expenses to Average Net Assets	1.50% **	1.50%	1.50%	1.50%	1.50%	1.50%
Ratio of Net Investment Income (Loss) to Average Net Assets	-0.47% **	-0.53%	-0.47%	-0.05%	0.05%	0.02%
Portfolio Turnover Rate	5.07% *	10.81%	16.27%	26.81%	10.68%	6.85%

\* Not Annualized.

\*\* Annualized.

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

(b) Less than \$0.005 per share.

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

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

# Notes to Financial Statements

## Bretton Fund

June 30, 2018  
(Unaudited)

### 1.) ORGANIZATION

Bretton Fund (the "Fund") was organized as a non-diversified series of the PFS Funds (the "Trust") on September 21, 2010. The Trust was established under the laws of Massachusetts by an Agreement and Declaration of Trust dated January 13, 2000, which was amended and restated January 20, 2011. The Trust is registered as an open-end investment company under the Investment Company Act of 1940, as amended. The Trust may offer an unlimited number of shares of beneficial interest in a number of separate series, each series representing a distinct fund with its own investment objectives and policies. As of June 30, 2018, there were six series authorized by the Trust. The Fund commenced operations on September 30, 2010. The Fund's investment objective is to seek long-term capital appreciation. The investment adviser to the Fund is Bretton Capital Management, LLC (the "Adviser").

### 2.) SIGNIFICANT ACCOUNTING POLICIES

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

#### **SECURITY VALUATION:**

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

#### **SHARE VALUATION:**

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

#### **FEDERAL INCOME TAXES:**

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

The Fund recognizes the tax benefits of certain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Fund's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years. The Fund identifies its major tax jurisdictions as U.S. Federal tax authorities; however, the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the six month period ended June 30, 2018, the Fund did not incur any interest or penalties.

#### **DISTRIBUTIONS TO SHAREHOLDERS:**

Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date.

The treatment for financial reporting purposes of distributions made to shareholders during the period from net investment income or net realized capital gains may differ from their ultimate



## Notes to Financial Statements (Unaudited) - continued

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

### *USE OF ESTIMATES:*

The financial statements are prepared in accordance with GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

### *EXPENSES:*

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

### *CASH:*

The Fund maintains cash at its custodian which, at times, may exceed United States federally insured limits.

### *OTHER:*

The Fund records security transactions based on the trade date. Dividend income is recognized on the ex-dividend date. Interest income is recognized on an accrual basis. The Fund uses the specific identification method in computing gain or loss on sales of investment securities. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

## 3.) SECURITIES VALUATIONS

As described in Note 2, the Fund utilizes various methods to measure the fair value of most of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

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

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

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

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

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

### *FAIR VALUE MEASUREMENTS*

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

## Notes to Financial Statements (Unaudited) - continued

*Equity securities (common stocks).* Equity securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices accurately reflect the fair value of such securities. Securities that are traded on any stock exchange or on the NASDAQ over-the-counter market are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an equity security is generally valued by the pricing service at its last bid price. Generally, if the security is traded in an active market and is valued at the last sale price, the security is categorized as a level 1 security. When market quotations are not readily available, when the Adviser determines that the market quotation or the price provided by the pricing service does not accurately reflect the current fair value, or when restricted securities are being valued, such securities are valued as determined in good faith by the Adviser, subject to review of the Board of Trustees (the "Trustees" or the "Board") and are categorized in level 2 or level 3, when appropriate.

In accordance with the Trust's good faith pricing guidelines, the Adviser is required to consider all appropriate factors relevant to the value of securities for which it has determined other pricing sources are not available or reliable as described above. There is no single standard for determining fair value controls, since fair value depends upon the circumstances of each individual case. As a general principle, the current fair value of an issue of securities being valued by the Adviser would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. Methods which are in accordance with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market of a similar freely traded security (including a derivative security or a basket of securities traded on other markets, exchanges or among dealers); or (iii) yield to maturity with respect to debt issues, or a combination of these and other methods.

The following table summarizes the inputs used to value the Fund's assets measured at fair value as of June 30, 2018:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	<u>\$28,965,218</u>	<u>\$0</u>	<u>\$0</u>	<u>\$28,965,218</u>
Total Investments in Securities	\$28,965,218	\$0	\$0	\$28,965,218

Refer to the Fund's Schedule of Investments for a listing of securities by industry. The Fund did not hold any Level 3 assets during the six month period ended June 30, 2018. There were no transfers into or out of the levels during the six month period ended June 30, 2018. It is the Fund's policy to consider transfers into or out of the levels as of the end of the reporting period.

The Fund did not invest in derivative instruments during the six month period ended June 30, 2018.

#### 4.) INVESTMENT ADVISORY AGREEMENT AND RELATED PARTY TRANSACTIONS

The Fund has entered into an investment advisory agreement ("Management Agreement") with the Adviser. The Adviser manages the investment portfolio of the Fund, subject to policies adopted by the Trust's Board of Trustees, and, at its own expense and without reimbursement from the Fund, furnishes office space and all necessary office facilities, equipment, and executive personnel necessary for managing the Fund. The Adviser pays the expenses of the Fund except for the management fee, all brokerage fees and commissions, taxes, borrowing costs (such as (a) interest and (b) dividend expenses on securities sold short), fees and expenses of acquired funds, extraordinary or non-recurring expenses as may arise, including litigation to which the Fund may be a party and indemnification of the Trust's Trustees and officers with respect thereto. For its services, the Adviser receives a management fee equal to 1.50% of the average daily net assets of the Fund.

For the six month period ended June 30, 2018, the Adviser earned management fees totaling \$229,486, of which \$36,298 was due to the Adviser at June 30, 2018.

#### 5.) RELATED PARTY TRANSACTIONS

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

The Trustees who are not interested persons of the Trust each received \$750, for a total of \$2,250, in Trustees' fees plus travel and related expenses related to the Bretton Fund for the six month period ended June 30, 2018. Under the Management Agreement, the Adviser pays these fees.

## Notes to Financial Statements (Unaudited) - continued

### 6.) PURCHASES AND SALES OF SECURITIES

For the six month period ended June 30, 2018, purchases and sales of investment securities other than U.S. Government obligations and short-term investments aggregated \$1,497,843 and \$2,557,192, respectively. Purchases and sales of U.S. Government obligations aggregated \$0 and \$0, respectively.

### 7.) CONTROL OWNERSHIP

The beneficial ownership, either directly or indirectly, of more than 25% of the voting shares of a fund creates a presumption of control of the fund, under Section 2(a)(9) of the Investment Company Act of 1940. As of June 30, 2018, YDB LLC, beneficially held, in aggregate, approximately 36.44% of the Fund and Thao Dodson, held, in aggregate, approximately 28.76% of the Fund and therefore, each may be deemed to control the Fund.

### 8.) TAX MATTERS

For Federal income tax purposes, the cost of investments owned at June 30, 2018, was \$19,288,445. At June 30, 2018, the composition of unrealized appreciation (the excess of value over tax cost) and depreciation (the excess of tax cost over value) was as follows:

<u>Appreciation</u>	<u>(Depreciation)</u>	<u>Net Appreciation (Depreciation)</u>
\$9,915,179	(\$238,406)	\$9,676,773

The tax character of distributions was as follows:

	Six Month Period <u>Ended June 30, 2018</u>	Calendar Year <u>Ended 2017</u>
Ordinary Income	\$ -0-	\$ -0-
Long-Term Capital Gain	<u>-0-</u>	<u>-0-</u>
	\$ -0-	\$ -0-

### 9.) SUBSEQUENT EVENTS

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

## Additional Information

June 30, 2018

(Unaudited)

### 1.) AVAILABILITY OF QUARTERLY SCHEDULE OF INVESTMENTS

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available on the SEC's website at <http://www.sec.gov>. The Fund's Form N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800.SEC.0330.

### 2.) PROXY VOTING GUIDELINES

Bretton Capital Management, LLC, the Fund's investment adviser ("Adviser"), is responsible for exercising the voting rights associated with the securities held by the Fund. A description of the policies and procedures used by the Adviser in fulfilling this responsibility is available without charge on the Fund's website at [www.brettonfund.com](http://www.brettonfund.com). It is also included in the Fund's Statement of Additional Information, which is available on the SEC's website at <http://www.sec.gov>.

Information regarding how the Fund voted proxies, Form N-PX, relating to portfolio securities during the most recent 12-month period ended June 30, is available without charge, upon request, by calling our toll free number (800.231.2901). This information is also available on the SEC's website at <http://www.sec.gov>.

### 3.) DISCLOSURE OF EXPENSES

As a shareholder of the Fund, you incur ongoing expenses consisting solely of management fees. You will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by Mutual Shareholder Services, LLC, the Fund's transfer agent, and IRA accounts will be charged an \$8.00 annual maintenance fee. 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 in the Fund on January 1, 2018, and held through June 30, 2018.

#### Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

#### Hypothetical Example for Comparison Purposes

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

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

	Beginning Account Value <u>January 1, 2018</u>	Ending Account Value <u>June 30, 2018</u>	Expenses Paid During the Period* <u>January 1, 2018</u> <u>to June 30, 2018</u>
Actual	\$1,000.00	\$1,037.90	\$7.58
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,017.36	\$7.50

\* Expenses are equal to the Fund's annualized expense ratio of 1.50%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period ended June 30, 2018).

## **Additional Information (Unaudited) - continued**

### **4.) APPROVAL OF CONTINUATION OF INVESTMENT ADVISORY AGREEMENT BETWEEN THE TRUST AND BRETTON CAPITAL MANAGEMENT, LLC ON BEHALF OF THE BRETTON FUND**

At a meeting held on March 8, 2018 (the "Meeting"), the Board of Trustees (the "Board" and the "Trustees") considered the renewal of the Management Agreement (the "Management Agreement") between the Trust and Bretton Capital Management, LLC ("Bretton") on behalf of the Bretton Fund. In approving the continuation of the Management Agreement, the Board of Trustees considered and evaluated the following factors: (i) the nature, extent and quality of the services provided by Bretton to the Bretton Fund; (ii) the investment performance of the Bretton Fund; (iii) the cost of the services to be provided and the profits to be realized by Bretton from the relationship with the Bretton Fund; (iv) the extent to which economies of scale will be realized as the Bretton Fund grows and whether the fee levels reflect these economies of scale to the benefit of shareholders; and (v) Bretton's practices regarding possible conflicts of interest.

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

#### 1. Nature, Extent and Quality of the Services Provided by Bretton

In considering the nature, extent, and quality of the services provided by Bretton, the Trustees reviewed the responsibilities of Bretton under the Management Agreement. The Trustees reviewed the services being provided by Bretton including, without limitation: the quality of investment advisory services (including research and recommendations with respect to portfolio securities); the process for formulating investment recommendations and assuring compliance with the Bretton Fund's investment objective, strategies, and limitations, as well as for ensuring compliance with regulatory requirements. The Trustees considered the coordination of services for the Bretton Fund among Bretton and the service providers and the Independent Trustees; and the efforts of Bretton to promote the Bretton Fund and grow its assets. The Trustees noted the quality of Bretton's principals and the commitment to enhance Bretton's resources and systems; and the continued cooperation with the Independent Trustees and legal counsel for the Bretton Fund. The Trustees evaluated Bretton's principals, including their education and experience. After reviewing the foregoing information and further information in the materials provided by Bretton, the Board concluded that, in light of all the facts and circumstances, the nature, extent, and quality of the services provided by Bretton were satisfactory and adequate for the Bretton Fund.

#### 2. Investment Performance of the Bretton Fund and Bretton

In considering the investment performance of the Bretton Fund and Bretton, the Trustees compared the short-term and since inception performance of the Bretton Fund with the performance of funds with similar objectives managed by other investment advisers, as well as with aggregated peer group data. As to the performance of the Bretton Fund, the Report included information regarding the performance of the Bretton Fund compared to its Morningstar Category (the Large Blend category – the "Category") and a group of funds of similar size, style and objective, derived from the Category (the "Peer Group"). The performance data from the Category covered periods ended December 31, 2017 and January 31, 2018 and for the Peer Group covered the period ended December 31, 2017. The Trustees noted that for the 1-year, 3-year and

## **Additional Information (Unaudited) - continued**

5-year periods ended December 31, 2017, the Bretton Fund trailed its Category, Peer Group and benchmark index, the S&P 500 Index. They further noted that for the 1-year, 3-year and 5-year periods ended January 31, 2018, the Bretton Fund trailed its Category and the S&P 500 Index. The Trustees reflected on the management style utilized for the Bretton Fund, noting that Bretton's long-term investment strategy may not keep pace with the market during periods of general market appreciation. They discussed Bretton Fund's cash and cash equivalent balances and the impact this has on performance during recent market conditions. After reviewing and discussing the investment performance of the Bretton Fund further, Bretton's experience managing the Bretton Fund, and other relevant factors, the Board concluded, in light of all the facts and circumstances, that the investment performance of the Bretton Fund and Bretton was satisfactory.

### 3. Costs of the Services to be provided and profits to be realized by Bretton

In considering the costs of the services to be provided and profits to be realized by Bretton from the relationship with the Bretton Fund, the Trustees considered: (1) Bretton's financial condition and the level of commitment to the Bretton Fund and Bretton by the principals of Bretton; (2) the asset level of the Bretton Fund; (3) the overall expenses of the Bretton Fund; and (4) the nature and frequency of advisory fee payments. The Trustees reviewed information provided by Bretton regarding its profits associated with managing the Bretton Fund. The Trustees also considered potential benefits for Bretton in managing the Bretton Fund. The Trustees then compared the fees and expenses of the Bretton Fund (including the management fee) to other comparable mutual funds. The Trustees reviewed the fees under the Management Agreement and compared them to the average management fee of the Category and Peer Group, noting that the Bretton Fund's management fee was higher than the average management fee for the Category and Peer Group. They performed the same comparison as it relates to the Bretton Fund's expense ratio, noting that the Fund's expense ratio was higher than the average net expense ratio for the Large Blend Category and Peer Group. The Trustees also recognized that Bretton was obligated to pay certain operating expenses of the Bretton Fund out of its management fee, and that after paying those expenses, Bretton's relationship with the Bretton Fund was modestly profitable. Based on the foregoing, the Board concluded that the fees to be paid to Bretton and the profits to be realized by Bretton, in light of all the facts and circumstances, were fair and reasonable in relation to the nature and quality of the services provided by Bretton.

### 4. Economies of Scale

The Trustees next considered the impact of economies of scale on the Bretton Fund's size and whether management fee levels reflect those economies of scale for the benefit of the Bretton Fund's investors. The Trustees considered that while the management fee remained the same at all asset levels, the Bretton Fund's shareholders had experienced benefits from the fact that Bretton was obligated to pay certain of the Bretton Fund's operating expenses which had the effect of limiting the overall fees paid by the Bretton Fund. In light of its ongoing consideration of the Bretton Fund's asset levels, expectations for growth in the Fund, Bretton's commitment to consider adding fee breakpoints as the Fund grows, and fee levels, the Board determined that the Bretton Fund's fee arrangements, in light of all the facts and circumstances, were fair and reasonable in relation to the nature and quality of the services provided by Bretton.

### 5. Possible conflicts of interest and benefits to Bretton

In considering Bretton's practices regarding conflicts of interest, the Trustees evaluated the potential for conflicts of interest and considered such matters as the experience and ability of the principals of Bretton; the basis of decisions to buy or sell securities for the Bretton Fund; and the substance and administration of Bretton's code of ethics. The Trustees also considered disclosure in the registration statement of the Trust related to Bretton's potential conflicts of interest. The Board noted that Bretton does not use "soft dollars" and has no affiliated companies. The Trustees noted and accepted Bretton's representation that it does not realize any benefits from advising the Bretton Fund other than the direct benefit of being compensated by the Bretton Fund for serving as its investment adviser. Based on the foregoing, the Board determined that Bretton's standards and practices relating to the identification and mitigation of possible conflicts of interest were satisfactory.

Next, the Independent Trustees met in executive session with Counsel to discuss the continuation of the Management Agreement. After further review, discussion, and determination that the best interests of the Bretton Fund's shareholders were served by the renewal of the Management Agreement.

# BRETTON FUND

**Investment Adviser**

Bretton Capital Management, LLC

**Legal Counsel**

Practus, LLP

**Custodian**

US Bank N.A.

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

Mutual Shareholder Services, LLC

**Distributor**

Rafferty Capital Markets, LLC

**Fund Administrator**

Premier Fund Solutions, Inc.

**Independent Registered Public Accounting Firm**

Cohen & Company, Ltd.

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