



PEKIN HARDY STRAUSS, INC.

**Part 2A of Form ADV: *Firm Brochure***

**Pekin Hardy Strauss, Inc.**

161 North Clark Street, Suite 2200  
Chicago, IL 60601-3340

Telephone: 312-554-7525  
Email: [contact@pekinhardy.com](mailto:contact@pekinhardy.com)  
Web Address: [www.pekinhardy.com](http://www.pekinhardy.com)

3/30/2020

Pekin Hardy Strauss, Inc. ("Pekin Hardy") is a registered investment advisor. Registration does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Pekin Hardy. If you have any questions about the contents of this brochure, please contact us at 312-554-7525 or [contact@pekinhardy.com](mailto:contact@pekinhardy.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Pekin Hardy can be found on the firm website at [www.pekinhardy.com](http://www.pekinhardy.com) and on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 107310.



## **Item 2      Material Changes**

There were no material changes since the last annual update of this Brochure on 2/12/2019.



---

### Item 3 Table of Contents

<u>Item #</u>	<u>Page</u>
Item 1 Cover Page .....	1
Item 2 Material Changes .....	2
Item 3 Table of Contents .....	3
Item 4 Advisory Business .....	4
Item 5 Fees and Compensation .....	9
Item 6 Performance-Based Fees and Side-By-Side Management .....	12
Item 7 Types of Clients.....	13
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss .....	13
Item 9 Disciplinary Information .....	19
Item 10 Other Financial Industry Activities and Affiliations .....	20
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	20
Item 12 Brokerage Practices.....	23
Item 13 Review of Accounts .....	27
Item 14 Client Referrals and Other Compensation .....	29
Item 15 Custody .....	29
Item 16 Investment Discretion .....	30
Item 17 Voting Client Securities.....	31
Item 18 Financial Information .....	31
Miscellaneous .....	32



---

## **Item 4      Advisory Business**

Pekin Hardy Strauss, Inc. (“Pekin Hardy”), is an SEC-registered investment adviser with its principle place of business located in Chicago, Illinois. The firm began conducting business in 1990. The company also operates under the brand name Appleseed Capital.

Listed below are the firm's principal shareholders who directly or indirectly control more than 25% of the company:

- Joshua Strauss
- Adam Strauss
- William Pekin

Pekin Hardy offers the following advisory services to our clients:

## **INVESTMENT SUPERVISORY SERVICES**

### **INVESTMENT MANAGEMENT**

Pekin Hardy Strauss, Inc. serves as the investment manager to the Appleseed Fund (“Appleseed Fund”), a mutual fund registered under the Investment Company Act of 1940, to the Appleseed Discovery Fund (“Discovery Fund”), a Delaware limited partnership and to the Appleseed Pioneer Fund, LP (“Pioneer Fund”), a Delaware limited partnership, and provides investment management services to separately managed accounts, retirement plans, and other client accounts.

We provide investment management services based on the needs of each client. Through discussions with the client, we strive to understand the client’s goals and help them develop their investment strategy and target asset allocations. During our discussions, we determine the client’s objectives, time horizon, risk tolerance and liquidity needs. As appropriate, we also review the client’s investment history.

Our goal is to construct investment portfolios that are consistent with a client’s stated investment objectives and tolerance for risk, liquidity, and suitability. A client may impose reasonable restrictions on investing in certain securities, asset classes, and industries. Once we establish a



---

client's investment portfolio, the portfolio manager reviews the portfolio on a periodic basis, and if necessary, rebalances the portfolio based on market conditions and the client's needs.

Our clients' investments generally include, but are not limited to, the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Warrants
- Corporate debt securities
- Commercial paper
- Certificates of Deposit
- Municipal securities
- Mutual fund shares
- United States Government securities
- Agency securities
- Options contracts on securities
- Interests in private partnerships and other investment types
- Government securities issued by countries other than the United States
- Futures
- Short positions

## **FINANCIAL PLANNING**

Pekin Hardy provides financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using known information and making certain assumptions to predict future cash flows, asset values, and withdrawal plans.

Through the financial planning process, we consider various questions, information and analyses as they impact the financial and life situation of a client. A client requesting this service receives a report that provides a detailed financial plan designed to assist clients in achieving their financial goals and objectives.



---

A financial plan addresses some or all of the following areas:

- **Personal:** We review household budgets, assets, liabilities, estate information, and financial goals.
- **Tax & Cash Flow:** We analyze the client's income tax and spending patterns (past, current and future years) and we illustrate the potential impact of various investment strategies on the client's current and future income streams.
- **Investments:** We analyze investment alternatives and their potential effect on the client's portfolio.
- **Retirement:** We analyze current strategies and investment plans to help the client achieve their retirement goals.

In developing a financial plan, we gather required information through in-depth interviews. Information gathered might include the client's current financial status, tax status, future goals, return objectives and attitudes towards risk. We carefully review documents supplied by the client and prepare a written report that includes our financial plan recommendations. Implementation of financial plan recommendations is at the client's discretion.

## MUTUAL FUND PORTFOLIO MANAGEMENT

Pekin Hardy serves as the investment adviser to the Appleseed Fund, a mutual fund registered under the Investment Company Act of 1940. Our firm manages the Appleseed Fund's assets based on the investment goals and objectives as outlined in the Appleseed Fund's prospectus.

Interested investors should refer to the Appleseed Fund's prospectus and Statement of Additional Information ("SAI") for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. These documents are available on-line at [www.appleseedfund.com](http://www.appleseedfund.com). Prior to making an investment in the Appleseed Fund, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the Appleseed Fund.



---

## **PRIVATE FUNDS**

Pekin Hardy serves as the investment adviser to the Discovery Fund and Pioneer Fund, Delaware limited partnerships. Our firm manages each private Fund's assets based on the strategies outlined in their respective Private Placement Memorandums (PPM). Prior to making any investment in either private Fund, investors and prospective investors should carefully review the PPMs and other documents for a comprehensive understanding of each Fund's terms and conditions. An entity related to Pekin Hardy, Appleseed Pioneer GP, LLC (Appleseed Pioneer GP), serves as the general partner of both private Funds. Pekin Hardy and Appleseed Pioneer GP are related because the same individuals who control Pekin Hardy also control Appleseed Pioneer GP.

## **RETIREMENT PLAN SERVICES**

Pekin Hardy offers retirement planning services as defined under Section 3(21) and 3(38) of the Employee Retirement Income Security Act ("ERISA"). The firm is responsible for recommending or selecting investment options for company retirement plans, monitoring the investment options, and providing education to participants. When Pekin Hardy provides services as defined under Section 3(38) of ERISA, Pekin Hardy will have discretionary authority to determine investment choices for the retirement plan. When Pekin Hardy provides services as defined under Section 3(21) of ERISA, the plan sponsor or trustee retains decision making authority and responsibility for determining investment choices for the plan. We will generally limit investment options for retirement plan services to mutual funds and exchange traded funds.

Certain retirement plan sponsors may offer self-directed brokerage accounts for their plan participants. We will offer our investment management services (see description above) to such participants and may assist them in determining securities to purchase, hold, and sell. We will enter into separate investment management agreements with these participants. In some situations, we will initiate the execution of trades on behalf of the participant.

## **OTHER PROGRAMS**



---

**Model Management.** Pekin Hardy advises an equity ESG (environment, social and governance) model portfolio on a third party's platform (Folio Investments). Investments are limited to those securities that Folio Investments allows to be traded, which generally are domestic, exchange traded securities. When Pekin Hardy makes changes to the model, Folio determines trades needed for subscribers to the model and aggregates and executes the trades on behalf of subscribers. Pekin Hardy has agreements with companies that subscribe to the model and not with the individual subscribers; thus, Pekin Hardy does not include these assets in the firm's assets under management. Pekin Hardy initiates trades in this program less frequently than for its other investment management clients because we try to hold securities long-term and want to limit security turnover.

#### **ASSETS UNDER MANAGEMENT**

As of 12/31/2019, Pekin Hardy managed \$915,957,511 of client assets on a discretionary basis.





---

## **Item 5      Fees and Compensation**

Pekin Hardy generates all of its revenues from fees that are charged directly to clients and investors, which includes the Appleseed Fund, Discovery Fund and Pioneer Fund. As a fee only adviser, Pekin Hardy does not generate revenue from commissions, referrals, or sales loads. Client accounts have different or similar investment objectives and different compensation arrangements, including no or lower management fees and performance fees. Pekin Hardy has implemented policies and procedures reasonably designed to address conflicts of interest related to the management of multiple accounts with different fee arrangements, including performance fees, and to the allocation of investment opportunities. Refer to the "Brokerage Practices" section (Item 12) of this brochure for additional information about this and soft dollar benefits the firm receives from brokers.

### **INVESTMENT MANAGEMENT FEES**

Our annual fees for Investment Management are based upon a percentage of assets under management. Our standard fees generally range from 0.50% to 1.25% per year of assets under management.

Although Pekin Hardy has established fee schedules, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining fee schedules. These factors include the complexity of clients' financial situation, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style and account composition, and other factors. The annual fee schedule is included in the contract, or in subsequent communication, between the adviser and each client. We offer discounted fees to certain family members and friends of the firm's associates. Fees are calculated and billed in advance on a quarterly basis. Fees are based on the market value of client assets at the end of the quarter. Fees are generally deducted from clients' accounts.

Pekin Hardy voluntarily waives its investment management services fee on clients' holdings of the Appleseed Fund, Discovery Fund and Pioneer Fund. This is to avoid these clients incurring portfolio management fees twice – once as clients of the firm and again as investors in one of the funds Pekin Hardy manages. Depending on the size and complexity of client relationships, fees investors pay in Appleseed Fund, Discovery and Pioneer could be higher than the fees they might pay if their account was invested directly in assets similar to those included in these funds.

We group certain, related client accounts to allow these clients to benefit from scale and receive a lower, blended investment management fee.



---

## **FINANCIAL PLANNING FEES**

Pekin Hardy generally includes Financial Planning services in our standard service package at no additional cost to our clients. The firm will charge Financial Planning fees in some situations based on the types of services being provided, the nature of the relationship, and the complexity of clients' circumstances. When it charges fees, Pekin Hardy assesses them upon completion of the financial plan.

## **MUTUAL FUND MANAGEMENT FEES**

Pekin Hardy charges an asset-based fee for its services as the investment adviser to the Appleseed Fund. The fee arrangement is described in the Appleseed Fund's prospectus and SAI.

## **PRIVATE FUND FEES**

Pekin Hardy receives an asset-based fee for its services as the investment manager to the Discovery Fund and Pioneer Fund. Appleseed Pioneer GP receives performance-based fees from both private funds. The specific terms are outlined in each fund's PPM.

There are conflicts of interest present when charging performance based fees as it may give us an incentive to engage in more speculative investment strategies in order to maximize the Discovery Fund's or Pioneer Fund's profits to receive larger compensation than would be the case absent a performance fee. It may also create an incentive for us to favor the Discovery Fund or Pioneer Fund in trade allocations over other client accounts. Pekin Hardy maintains trade allocation policies and procedures that are reasonably designed to address such conflicts of interest. We seek to allocate investment opportunities in a manner that we believe treats all separately managed accounts clients and funds fairly over time.

## **RETIREMENT PLAN FEES**

Pekin Hardy will receive retirement plan fees based on the services it provides to the plans and plan participants. Fees may be paid by the plan participant or plan sponsor. The fee will vary based on the services provided and the amount of assets in and complexity of the plan. In certain circumstances, Pekin Hardy may waive its fee for providing such services. Fees for those participants with self-directed brokerage accounts for which Pekin Hardy provides investment management services will be handled in the same way as described in the "Investment



---

Management Fees” section and will be paid by clients directly.

## OTHER PROGRAM FEES

**Model Management.** Pekin Hardy receives fees from those entities that have clients subscribing to the Equity ESG Model on the Folio Investments platform. Fees are based on a percentage of assets in the model and are negotiated with the company that has clients subscribing to the model.

## GENERAL INFORMATION

**Termination of the Advisory Relationship.** In most cases, clients and Pekin Hardy can cancel agreements for any reason with 30 days written notice. Upon termination, Pekin Hardy will refund unearned fees or charge fees to clients for services provided and not charged on a prorated basis.

**Investments with Embedded Management Fees.** All fees paid to Pekin Hardy for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, exchange traded funds (ETF), and other types of securities that have embedded management fees. These fees and expenses are described in each investment’s prospectus or governing document. These fees will generally include a management fee, other expenses, and a possible distribution fee. If the investment also imposes a sales charges, a client will pay an initial or deferred sales charge. A client could invest in these assets directly without our services. In that case, the client would not receive the services provided by our firm, which are designed, among other things, to assist the client in determining the investments that are most appropriate for their financial condition and objectives. Clients should review the fees charged by these types of investments and Pekin Hardy’s fees to understand the total amount of fees to be paid and to evaluate the advisory services being provided.

**Other Fees and Expenses.** In addition to our advisory fees, clients are responsible for the fees and expenses charged by custodians and brokers, including, but not limited to, transaction charges imposed to effect securities transactions in clients’ accounts. Please refer to the "Brokerage Practices" section (Item 12) of this brochure for additional information.



---

**Advisory Fees in General.** Clients should note that similar advisory services may be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees.** Under no circumstances do we require or solicit payment of fees more than six months in advance of services rendered.

**Account Valuation Practices.** Pekin Hardy relies on pricing feeds from Pershing Advisor Solutions, LLC and Schwab Institutional as the primary pricing sources for securities on Pekin Hardy's portfolio accounting system. We rely on clients' custodians for securities for which neither Pershing nor Schwab are able to provide prices. Prices for holdings in the Appleseed Fund are determined according to the policies of the Appleseed Fund Board of Trustees and the practices of the Fund's independent fund administrator. Prices for holdings in either of the private funds are determined according to the respective fund's policies and the practices of the Fund's independent administrator. The general partner of both the Discovery Fund and the Pioneer Fund, Appleseed Pioneer GP, is responsible for final pricing decisions for securities held in the funds. Pekin Hardy Strauss' Valuation Committee is responsible for fair valuing securities when necessary for the funds and for the firm's separate account clients. For securities in separately managed accounts for which the firm is unable to obtain from third parties a current price, the committee may value the securities at \$0 or exclude the security from billing to avoid over charging clients or over stating performance. It is possible that the firm may include in billing those securities for which prices do not change as frequently as other securities' prices. Pekin Hardy has adopted and implemented policies and procedures reasonably designed to address conflicts of interest related to the valuation of securities.

## **Item 6      Performance-Based Fees and Side-By-Side Management**

Pekin Hardy does not charge performance-based fees on its separately managed accounts or the Appleseed Fund. As outlined in Item 5 (Fees and Compensation), we receive performance-based fees for the Pioneer Fund and Discovery Fund, the specific terms of which are outlined in the Fund's PPMs.

Pekin Hardy has adopted and implemented policies and procedures reasonably designed to address conflicts of interest related to the management of multiple accounts with different fee arrangements, including performance fees, and to the allocation of investment opportunities.



---

## Item 7      Types of Clients

Pekin Hardy provides advisory services to the following types of clients:

- Individuals (including high net worth individuals, trusts, and estates)
- Registered investment companies (mutual funds)
- Pension plans, retirement plans and profit sharing plans
- Charitable organizations
- Corporations or other businesses
- Private funds and pooled investment vehicles.

While Pekin Hardy does not have a minimum account size requirement, in general, we believe that at least \$250,000 in assets is needed to construct a diversified portfolio of individual equity and fixed income securities. If a client has less than \$250,000 in assets, we may purchase the Appleseed Fund to give clients exposure to the firm's asset management capabilities and to provide what we deem to be an appropriate level of diversification. We may also use other third-party pooled investment vehicles to help accomplish clients' financial goals.

The Appleseed Fund is "non-diversified", which means it invests a greater percentage of its assets in a fewer number of stocks as compared to other mutual funds that are more broadly diversified.

## Item 8      Methods of Analysis, Investment Strategies and Risk of Loss

### METHODS OF ANALYSIS

Pekin Hardy employs several methods of analysis in formulating investment advice, selecting investments, and managing client assets. Investing in securities involves risk of loss that clients should be prepared to bear. Our methods of analysis are outlined as follows:

**Fundamental Analysis.** We attempt to measure the intrinsic value of securities by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition of the company itself) to determine if companies' stock or fixed income securities are undervalued (indicating it may be a good time to buy) or overvalued (indicating it



---

may be time to sell). Our estimate of intrinsic value for equity securities is based on research processes that consider multiple valuation metrics that we believe are appropriate for the security.

Equity securities under consideration for purchase are typically subject to a review process that incorporates input from members of the Pekin Hardy research team and are approved by the investment committee. For Appleseed Fund, Discovery Fund and Pioneer Fund, the portfolio managers approve the purchase or sale of the security. For investment management accounts, it is up to the client's portfolio manager to determine if the investment is appropriate for that client. Portfolio managers will purchase securities for client accounts that do not go through the formal research and investment committee process. This can occur when clients have specific investment needs or for investments that do not require as extensive research as individual securities (e.g., mutual funds and ETFs). Portfolio managers consider one or more of the following factors when analyzing such opportunities: clients' preferences for certain holdings, analyst reports, and press releases and other information about the company.

For fixed income securities, we strive to balance the desire to generate a reliable stream of income for our clients (and confidence that the principal amount invested will be repaid) against the risks associated with committing capital for a fixed rate of return. Our view of the macro-economic environment, together with the potential interest rate risk and credit risk, is important to our strategic approach to fixed income investing.

Fundamental analysis does not attempt to anticipate short-term market movements but it does provide a gauge of relative value. This presents a potential risk, as the price of a security can move up or down along with the overall market or in response to specific events regardless of the economic and financial factors considered in evaluating the security.

**Material Non-Financial Factors.** We evaluate material non-financial factors, such as the quality of management, labor relations, environmental liabilities, and quality of governance. We include these and other material factors not readily subject to financial measurement in our overall analysis.



---

In the case of Appleseed Fund, Discovery Fund, Pioneer Fund, and certain client accounts, we screen out companies that derive substantial revenues from the tobacco, alcohol, pornography, gambling, and weapons industries, and are not fossil fuel free, as defined in the fund's governing documents. Pekin Hardy will also evaluate a company's environment, social and governance (ESG) performance with respect to other criteria, such as environmental responsibility.

A risk in applying this analysis is that our judgment in assessing these material non-financial factors may prove incorrect.

**Asset Allocation.** We attempt to identify an appropriate mix of common stock, fixed income, commodities, cash and cash equivalents, and other asset classes suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases of a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, may no longer be appropriate for the client's goals. We make a best efforts attempt to keep allocations in line with targets; however, market movement may cause allocations to fall outside of targets for short time periods.

**Mutual Fund and ETF Analysis.** We look at the experience, investment strategy, track record, expense ratios, and abilities of the manager of the mutual fund or ETF when evaluating these securities. We also look at the underlying assets in the fund to determine if there is significant overlap in the underlying investments held elsewhere in clients' portfolios.

A risk of mutual fund and ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A fund strategy that has been successful may not be able to experience that same success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may overweight the same security, increasing the risk to clients if that security were to decrease in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holdings less suitable for clients' portfolios.

## INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance and time horizons, among other considerations:



---

**Long-term Purchases.** We generally purchase securities with the intention of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- We believe the securities to be currently undervalued.
- We want exposure to a particular asset class over time.

A risk in a long-term investment strategy is that, by holding a security for more than a year, we may not take advantage of short-term gains that sometimes could be even more profitable to a client. If our valuation estimates are incorrect, a security may decline in value before we make the decision to sell.

**Short-term Purchases.** While we typically hold positions for more than one year, we may take advantage of short term gains in the event a stock reaches our intrinsic value sooner than we may have originally anticipated.

**Trading.** While trading securities with a short-term time horizon in mind is not our primary focus, we will on occasion implement such a strategy should we identify what we perceive to be a particularly interesting short-term trading opportunity.

**ESG Strategy.** The advisor will, for certain clients, employ strategies that consider a company's performance with respect to environmental, social, and corporate governance factors (ESG). We believe that ESG research increases our knowledge, and that increased knowledge decreases our clients' investment risk. We avoid taking long positions in equity securities of those companies that do not pass our ESG screening.

**Short Selling and Margin Transactions.** We may, with the client's approval, purchase securities for the client's portfolio with money borrowed from the client's brokerage account. This allows the client to purchase more securities than the client would be able to with available cash, and allows us to purchase stock without selling other holdings. In other circumstances, it allows the firm to sell certain securities short across firm or client accounts. Margin transactions may be used to leverage clients' investments and increase their purchasing power. There is the risk that trading securities on margin or selling securities short may increase the potential for higher losses.

**Levered Small Cap Strategy.** A levered small cap strategy is one that seeks capital appreciation using a long-only, levered, small cap strategy -- making long-term investments in highly levered small cap public companies that we believe are undervalued. The strategy invests in companies that are highly indebted with the intention of benefitting from the creation of equity shareholder





---

value through debt pay down. For some clients, which will include the Discovery Fund, we employ a levered small cap strategy.

**Long-Short Strategy.** A long-short strategy is one that seeks capital appreciation by making long-term investments in public companies that are undervalued in the opinion of the adviser, while also shorting companies that are overvalued in the opinion of the adviser. For some clients, which will include the Pioneer Fund, we employ a long-short strategy, taking both long and short positions in a range of investments.

**Options.** We occasionally use options (puts and calls) as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. Strategies employed using options include, but are not limited to, straddles, spreads, covered calls, and protective puts.

Refer to the Appleseed Fund's Prospectus and SAI and the Discovery Fund's and Pioneer Fund's PPMs for further information regarding the investment strategies, restrictions, and risks related to the funds.

## **RISK OF LOSS**

**Risks for All Forms of Analysis.** Our securities analysis methods rely on the assumption that for the securities we purchase and sell, rating agencies and other publicly available sources of information about these securities are providing accurate and unbiased data. While we are alert to indications that the data may be incorrect, there is always a risk that our analysis might be compromised by inaccurate or misleading information.

Portfolio managers responsible for investment management accounts have the discretion to consider securities that were not subject to our research approval process and to not consider approved securities.

**Risk of Loss.** Our strategies are not guaranteed, and the client may lose portions or all of their investments. We ask that the client work with us to help us understand his or her tolerance for risk.

**Credit and Interest Rate Risk.** Investments in fixed income securities are subject to the risk that a decline in the credit quality of an investment could cause returns on the securities to fall. If



---

an issuer or guarantor of an investment fails to make timely principal or interest payments or otherwise honor its obligations there is a risk of default. Below investment-grade bonds (junk bonds) involve greater risks of downgrade or default, are more volatile than investment-grade bonds, involve greater risk of price declines than investment-grade securities due to actual or perceived changes in an issuer's creditworthiness, and may be more vulnerable than other issuers to economic downturns. Investments in fixed income securities are also subject to the risk that interest rates will fluctuate and securities' yields will change over time. During periods when interest rates are low, securities' yields (and total returns) also may be low.

**Liquidity Risk.** Illiquid securities are investments that are difficult to buy or sell. Certain investments may become illiquid due to changing market conditions, economic conditions, or specific changes in the condition of a particular issuer. A client's investment in illiquid securities may reduce the returns of the total portfolio as illiquid securities may be more difficult to sell at a favorable price or time. In addition, there may be higher transactions costs than what is typical for more liquid securities.

**Foreign Investment Risk.** Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks not associated with U.S. investments, including fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. These risk factors can make foreign investments, especially in emerging markets, riskier and potentially less liquid. Foreign securities can also perform differently from U.S. securities.

**ESG Strategy.** The universe of acceptable investments for clients adhering to an ESG strategy may be limited compared to other strategies. The application of ESG screens may affect an account's exposure to certain securities, industries, sectors and other factors that may impact the performance of an account. Eliminating certain securities as investments may cause an account to perform differently, either positively or negatively, compared to similar accounts without the application of ESG screens.

**Short Selling and Margin Transactions.** Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain types of short sale positions. There is also the risk that if stock prices rise, purchasing securities to close out short positions could cause the price of securities to rise further, thereby exacerbating losses. There is the risk that trading securities on margin could result in the loss of the money borrowed in addition to the loss of the shorted investment, if the security rises in price.



---

Short-selling has been the subject of regulatory scrutiny and may be restricted in a manner that has a negative impact on short selling strategies we employ.

**Levered Small Cap Strategy.** A levered small cap strategy is expected to frequently invest in equity of companies that are significantly levered. If such companies are unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of any equity investment by the strategy in such company could be significantly reduced in the short or long term, or even eliminated. Additionally, the lenders in such a company would typically have a claim to the assets of such a company that would take priority over any claim that the strategy would have on such assets.

**Long/Short Strategy.** A risk in long/short strategy is that short positions could rise in value and long positions could fall in value. There is no guarantee that the use of long and short positions will limit an investment portfolio's exposure to stock market movements, sector-swings, or other risk factors. A portfolio that employs a long/short strategy may have higher portfolio turnover rates that will likely result in additional tax consequences

**Speculative Investments.** Investments in private funds and alternative investments carry additional risks and may incur regulatory scrutiny. Further, while the Adviser may enter into hedging transactions in client accounts to seek to reduce risk, such transactions may result in poorer overall performance and increased risk to the account.

**Non-Diversification Risk.** Appleseed Fund is a non-diversified investment. The fund may hold securities of fewer issuers than a diversified fund, and poor performance of an individual security in the fund's portfolio may have a greater negative impact on overall performance than if the fund's assets were diversified among a larger number of securities.

## **Item 9      Disciplinary Information**

In June 2015, the Adviser and certain of its associates reached a settlement with the U.S. Securities and Exchange Commission ("SEC") relating to the Adviser's failure in 2009 and 2010 to conduct timely internal annual compliance reviews and to enforce certain compliance policies and procedures. The firm did not cause the firm's advisory clients who held or purchased Appleseed Fund investor class shares to acquire institutional class shares after the institutional share class became available. The settling parties neither admitted nor denied the findings. The SEC acknowledged that the Adviser had proactively taken remedial measures designed to address



---

the identified compliance deficiencies, and since 2010, the Adviser has completed its internal annual compliance reviews on a timely basis. The SEC's Order can be found on the SEC's website ([www.sec.gov](http://www.sec.gov)) as Release No. IA-4126.

## **Item 10 Other Financial Industry Activities and Affiliations**

**Mutual Fund and Private Funds.** As discussed in "Advisory Business" (Item 4) and "Fees and Compensation" (Item 5) of this brochure, our firm is the investment adviser to Appleseed Fund, Discovery Fund and Pioneer Fund. Please refer to these items for a detailed explanation of these relationships and important conflict of interest disclosures. Pekin Hardy faces a conflict of interest in placing certain of its client investment management accounts in the Appleseed Fund and for introducing clients to the Discovery Fund or Pioneer Fund. Pekin Hardy, by law and its Code of Ethics, has a fiduciary responsibility to only recommend investments to clients that are in the best interest of clients. The firm also attempts to mitigate this risk by voluntarily not charging its investment management account clients an investment management fee on those assets invested in these funds. In addition, for the Discovery Fund and Pioneer Fund, it is the client's responsibility to make the decision to invest in the fund and to complete and sign the subscription document.

Certain associates of Pekin Hardy are registered with FINRA as registered representatives of Foreside Financial Group, LLC, and some associates may perform certain activities on behalf of the Appleseed Fund, Discovery Fund and Pioneer Fund, which could create a conflict due to competing priorities.

Pekin Hardy has in place policies and procedures reasonably designed to address these potential conflicts of interests.

**General Partner.** The owners of Pekin Hardy formed Appleseed Pioneer GP, LLC to serve as the general partner of the Discovery Fund and Pioneer Fund. The general partner is a Relying Advisor as outlined by the SEC, meaning, it follows the compliance program of Pekin Hardy, is under common control with Pekin Hardy, and operates in the same office location. Pekin Hardy serves as the investment manager of the Discovery Fund and Pioneer Fund.



---

## **Item 11      Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

Our firm has adopted a Code of Ethics that sets forth our standards of business conduct that we require of our employees, including compliance with applicable federal securities laws and includes limitations on personal trading, the giving and acceptance of gifts, and serving as a director or trustee for an external organization.

Pekin Hardy and our associates have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of employee securities transactions as well as initial and annual securities holdings reports that must be submitted by the firm's employees. Among other things, our Code of Ethics requires the pre-clearance of certain personal securities transactions and the acquisition of securities in limited and initial public offerings. Our Code also provides for oversight, enforcement, and recordkeeping provisions.

Pekin Hardy's Code of Ethics includes the firm's policy prohibiting the use of material non-public information. Employees are reminded that such information cannot be used in a personal or professional capacity.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with making decisions in the best interest of advisory clients and with implementing such decisions.

Pekin Hardy and our employees buy or sell for their personal and family member accounts securities that are identical to or different from those recommended to our clients. We aggregate employees' trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients and employees will receive the same average share price. In the instances in which there is a partial fill of a particular order, we will process allocations as randomly as possible, with each account receiving the average price, where possible, and clients being given preference over employees' accounts for allocations.

Our employees may invest in the Appleseed Fund, Discovery Fund or the Pioneer Fund, which could create an incentive for us to favor the funds over other clients. The funds may hold the same securities as other client accounts, which creates an incentive for Pekin Hardy to put the interests of the firm ahead of clients. As a result, Pekin Hardy maintains investment, trade



---

allocation, and account valuation policies and procedures reasonably designed to address such conflicts of interest. Further, our Code of Ethics requires employees to put clients' interests ahead of their own and the firm's interests.

The Discovery Fund and Pioneer Fund are considered proprietary accounts when employees' investments are more than 25% of the fund's net assets. When this occurs, transactions in either fund will be considered personal securities transactions and must be pre-approved by Compliance in accordance with Pekin Hardy's Code of Ethics. The funds participate in trades alongside other clients in accordance with Pekin Hardy's trading and allocation procedures.

We have established procedures for implementing our firm's Code of Ethics to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with disclosure of conflicts of interest. These policies and procedures include, but are not limited, to the following:

1. Pekin Hardy and its employees owe a fiduciary duty to Pekin Hardy's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid serving their own personal interests ahead of clients, taking inappropriate advantage of their position with the firm, actual and potential conflicts of interest, and abuse of their position of trust and responsibility.
2. No employee may trade, either personally or on behalf of others (such as funds and private accounts managed by Pekin Hardy), while in the possession of material nonpublic information, nor may any personnel of Pekin Hardy communicate material, nonpublic information to others in violation of the law.
3. No employee shall purchase or sell securities when the firm either executes an order or has a pending buy or sell order in that same security on behalf of any advisory client unless the transaction is aggregated, when possible, with client transactions in the same security or if compliance has pre-approved the arrangement.
4. Employees must obtain pre-clearance for certain personal securities transactions and investments in private placement and initial public offerings.
5. We have established procedures for the maintenance of required books and records.
6. All of our principals and employees must act in accordance with applicable Federal and State regulations governing registered investment advisors.
7. We require receipt and acknowledgement of the Code of Ethics by each employee.



- 
8. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
  9. Individual who violate the Code of Ethics and procedures may be subject to a number of disciplinary actions, including termination.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by emailing us at [contact@pekinHardy.com](mailto:contact@pekinHardy.com), or by calling us at 312-554-7525.

## **Item 12 Brokerage Practices**

**Broker Selection.** Pekin Hardy considers a number of factors in selecting a broker to execute transactions. Factors include, but are not limited to, the brokers clients use for their accounts, commission and transaction charges, reputation, financial strength and stability, creditworthiness, efficiency of execution and error resolution, research (including economic forecasts and fundamental and technical advice on securities), custodial and other services provided for the enhancement of the firm's portfolio management capabilities, the size and type of the transaction, difficulty of execution, and trading minimums. When it assesses the reasonableness of brokers' compensation, Pekin Hardy is not required to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. The firm's Best Execution Committee meets periodically to evaluate the brokers used by Pekin Hardy to execute client trades.

Our firm may introduce clients in need of brokerage and custodial services to certain registered brokers or custodians, including without limitation, Pershing LLC ("Pershing") or Schwab Institutional, a division of Charles Schwab & Co., Inc., as well as other custodians. When we make such an introduction the client is ultimately responsible for determining which custodian to select and must consent to and sign the custodians' account opening documents. We are independently owned and operated and are not affiliated with any broker or custodian. Pekin Hardy does not receive cash compensation for such referrals; however, Pekin Hardy receives research or other products and services other than execution as described in the "Research and Other Soft Dollar Benefits" section below.

Commission and transaction fees charged by brokers and custodians to client accounts may be higher or lower than those charged by other brokers and custodians. Certain brokers and custodians may provide us with access to their institutional trading and custody services, which





---

are typically not available to their retail investors. These services may include research, brokerage, custody, access to select mutual funds and mutual fund share classes, and other investments that are otherwise available only to institutional investors or would require higher minimum initial investments. We believe our clients benefit from these services.

Brokers and custodians may also make available to our firm other products and services that benefit us but may not directly benefit our client accounts, such as products and services that assist our firm in managing and administering client accounts. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. We also may have soft dollar arrangements with these brokers and custodians.

**Research and Other Soft Dollar Benefits.** Pekin Hardy receives research and other products and services other than execution from brokers and other research providers that may not be brokers in connection with client securities transactions. This is known as a “soft-dollar” relationship. The firm will limit the use of soft dollars to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended (“Section 28(e)”). Research services within Section 28(e) may include, but are not limited to, research reports, financial newsletters and trade journals, software providing analysis of securities portfolios, corporate governance research and rating services, discussions with research analysts, meetings with corporate executives, data services, and advice from brokers on order execution. These services augment our own internal research and investment strategy capabilities.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, Pekin Hardy will not have to pay for a portion or for all of the products and services itself. This creates an incentive for the firm to select or recommend a broker based on the firm’s interest in receiving those products and services. The firm may cause clients to pay commissions (or markups or markdowns) higher than those charged by other brokers in return for soft dollar benefits, resulting in higher transaction costs for clients. Research and brokerage services obtained by the use of commissions arising from clients’ portfolio transactions will be used by the firm in its other investment activities, including, for the benefit of other client accounts. Pekin Hardy does not seek to allocate soft dollar benefits to client accounts proportionally to the soft dollar credits the accounts generate. This will be done at our discretion without prior agreement or understanding by the client.

Certain items obtainable with soft dollars are not used exclusively for execution or research services. The cost of such “mixed-use” products or services will be fairly allocated and Pekin





---

Hardy makes a good faith effort to determine the percentage of such products or services that are considered investment research. The portions of the costs attributable to non-research usage of such products or services are paid by our firm to brokers in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934.

We have a soft dollar arrangement in place with Pershing. Clients who select Pershing to act as their custodian will pay a ticket charge for transactions at an agreed upon rate. Pekin Hardy receives soft dollar credits of up to 35% of such ticket charges for U.S. market trades. This arrangement creates an incentive for the firm to introduce clients to Pershing and to generate a greater number of transactions in the account. Pekin Hardy may implement similar arrangements with other brokers.

The firm's Best Execution Committee meets periodically to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to research and other products and services received, the commissions used to obtain those products and services were reasonable in relation to the value of the research or services provided by the broker. This determination will be viewed in terms of either the specific transaction or the firm's overall responsibilities to the accounts over which the firm exercises investment discretion.

The prime broker for the Pioneer Fund, Jefferies, LLC may provide capital introduction services to Appleseed Pioneer GP and Pekin Hardy. Jefferies does not perform any marketing for the fund nor does it receive referral fees from Appleseed Pioneer GP or Pekin Hardy for this service. The firm has an incentive to use Jefferies to execute trades to meet certain minimum trading requirements.

**Directed Brokerage.** Clients may direct us to use a specific broker to execute trades. Pekin Hardy will honor those instructions. Situations in which clients have directed brokerage may arise when a particular client account is a part of a larger, company sponsored retirement plan or held at a particular custodian. Directed brokerage of this type may result in situations where client transactions receive less favorable executions or have higher trading costs. In addition, directed brokerage precludes the ability of the firm to aggregate trades with other client accounts held at other custodians, and directed broker trades are generally executed last in the trade rotation process.

**Trading Practices.** The firm's most significant portfolio management and trading practices include:



- 
1. Portfolio managers are responsible for determining that the purchase or sale of particular securities is appropriate for clients and consistent with clients' investment objectives and restrictions.
  2. Portfolio managers and the trading desk will seek to obtain best execution for each trade. This requires a good faith judgment when the order is placed. It does not mean that the determination made in advance of the transaction must always prove to have been correct in hindsight. Best execution includes a combination of the quality of execution, price, timing, and other factors.
  3. We typically aggregate trades among client accounts when we trade for those accounts at the same broker. Each client that participates in a trade request will generally do so at the average price for purchases or sales in that security on that day at the same broker. Some Pekin Hardy clients custody their assets at brokers that do not allow for aggregation across accounts at those brokers.
  4. If orders for equity securities cannot be executed in full, the securities purchased or sold by market close are equitably allocated among client accounts in a fashion that we believe should treat client accounts fairly over time. We typically do allocations randomly. Adjustments to allocations may be made to avoid odd lots or excessive commission charges or for trades in less liquid securities. Even though Pekin Hardy attempts to make partial fill decisions across broker as similar as possible, clients at different brokers trading in the same security may experience different allocation results. Additionally, portfolio managers have discretion to not have their clients participate in these trades or to request trades in the same securities at a later time or at a different limit price.
  5. For trades involving multiple accounts across different broker and custodian platforms, the firm employs a trade rotation process that changes the order in which we submit trade orders to each broker and custodian. Portfolio managers have discretion to not have their clients participate in these trades or to request trades in the same securities at a different time or price.
  6. Pekin Hardy manages multiple investment strategies on behalf of clients, including the Discovery Fund and Pioneer Fund, which are considered a proprietary accounts when employees' investments in the fund constitute more than 25% of the fund. There is overlap in holdings among these strategies and differences in the fees Pekin Hardy



- 
- charges to the accounts. The firm allocates investment opportunities across these accounts according to the procedures described above.
7. For fixed income trades, for which there may be a limited quantity of an individual bond available for purchase or sale, the trade desk and portfolio managers set the allocations and make a best efforts attempt to fairly allocate investment opportunities across clients over time. Allocations are generally based on clients' investment needs, cash balances, liquidity needs, tax consequences, return requirements, and risk tolerance. This approach could result in certain clients participating in fixed income trades more often than other clients.
  8. On those occasions in which a particular portfolio manager is unavailable, the trade desk or another portfolio manager will attempt to inform that portfolio manager of significant investment decisions under consideration. If appropriate, the unavailable portfolio manager will instruct another portfolio manager to act on behalf of his or her clients' accounts. However, Pekin Hardy believes the potential risks to transacting in client accounts without complete knowledge of the client relationship is greater than not participating in specific trading opportunities. As such, there will be situations in which trading for the absent portfolio manager's client accounts occurs after he or she has reviewed them.
  9. Employee purchases and sales of securities are aggregated, when possible, with client transactions following the same aggregation procedures described above. If there is a partial fill of the transaction, Pekin Hardy prioritizes client trades over employee trades.
  10. It is Pekin Hardy's policy to not engage in cross-trade transactions between or among clients of the firm.

**Trade Errors.** As a fiduciary, Pekin Hardy has the responsibility to execute orders correctly, promptly, and in the best interests of clients. In the event an error occurs in the handling of client transactions due to the firm's actions or inactions, Pekin Hardy's policy is to identify and correct trade errors as promptly as possible without disadvantaging the client. If the trade error is the responsibility of Pekin Hardy, client transactions will be corrected and the firm will be responsible for any client loss resulting from the error. For separate account clients, Pekin Hardy generally follows the error resolution practices that clients' brokers and custodians establish, which, for certain accounts, will result in Pekin Hardy retaining gains that result from trade



---

errors.

## **Item 13      Review of Accounts**

### **INVESTMENT MANAGEMENT**

We monitor securities in client accounts and overall client relationships in the context of clients' investment objectives and guidelines. More frequent reviews may be triggered by material changes in clients' financial conditions or by changes in the market, political, or economic environment. The portfolio manager responsible for the client relationship performs the review. Pekin Hardy provides quarterly reports that show account transactions, holdings, and portfolio management fees.

### **FINANCIAL PLANNING SERVICES**

While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise requested. Financial planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise requested.

### **MUTUAL FUND PORTFOLIO MANAGEMENT**

Pekin Hardy continually reviews and monitors the Appleseed Fund's holdings in accordance with the investment objectives as detailed in the Appleseed Fund's prospectus. The portfolio managers of the Appleseed Fund share these responsibilities. Please refer to the Appleseed Fund's prospectus and SAI for information regarding periodic reports to the fund by Pekin Hardy.



---

## PRIVATE FUND PORTFOLIO MANAGEMENT

Pekin Hardy continually reviews and monitors the Discovery Fund's and Pioneer Fund's holdings in accordance with the investment objectives as detailed in the Pioneer Fund's PPM. The portfolio managers of the Pioneer Fund share these responsibilities. Please refer to the Pioneer Fund's PPM for additional information.

## RETIREMENT PLAN SERVICES

Relationship managers will monitor securities in retirement plans and client relationships in the context of each client's investment objectives and guidelines. Accounts will be reviewed by the relationship manager responsible for the client relationship. Clients will receive reports that Pekin Hardy creates at the request of the clients.

## OTHER PROGRAMS

**Model Management.** We monitor securities in the model in the context of the model's strategy and guidelines. More frequent reviews may be triggered by material changes in the market, political, or economic environment. The portfolio manager responsible for the client relationship performs the review. Firms with subscribers to the model and Folio Investments are responsible for providing reports to those subscribers.

## Item 14 Client Referrals and Other Compensation

Pekin Hardy pays incentive compensation to its employees for asset flows in separate accounts. To receive transaction-based compensation for raising assets in the Appleseed Fund, Discovery Fund or Pioneer Fund, associates need to be registered with FINRA as a registered representative of Foreside Financial Group, LLC. Pekin Hardy does not currently pay any associates transaction-based compensation.



---

Pekin Hardy pays referral fees to certain third parties for introducing prospects to us. These arrangements vary in nature and the terms are negotiated between the party and Pekin Hardy. These arrangements present a conflict of interest because the payments may induce the third party to recommend Pekin Hardy to a client when the third party might not otherwise do so if there was no payment. These payments are disclosed to the prospects prior to or at the time of executing an investment management agreement and do not impact the advisory fee paid to Pekin Hardy by the client.

It is Pekin Hardy's policy not to accept or allow our related persons to accept non-de minimis forms of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients without pre-clearance by Compliance.

## **Item 15      Custody**

As we disclose in the "Fees and Compensation" section (Item 5) of this Brochure, our firm generally debits advisory fees for separately managed accounts directly from client accounts.

As part of this billing process, clients' custodians are advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, custodians are required to send to clients statements showing transactions in the account during the reporting period.

Because custodians do not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us if they believe there is an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, Pekin Hardy sends appraisals to clients on a quarterly basis. We urge our clients to carefully compare the information provided on these appraisals with the statements from the custodian to ensure account transactions, holdings, and values are correct. We have included language on our quarterly appraisals reminding our clients to conduct this comparison.

Appleseed Pioneer GP acts as the general partner to the Discovery Fund and Pioneer Fund. The general partner has access to the both fund's securities and funds, which results in the general partner having custody of the hfund's assets. The funds are audited annually by an independent accountant, and the general partner will distribute copies of the audited financial statements to investors within 120 days of the fund's fiscal year-end.

We are deemed to have custody of a client advisory account for which an employee acts as



---

trustee, of one pooled investment vehicles (PIV), and of those separate accounts for which clients have created standing letters of authorizations (SLOA) for making distributions to third parties. Pekin Hardy is the general partner of the PIV. We arrange for annual surprise examinations of the one account for which an employee acts as trustee and the PIV. We do not include in surprise examinations those clients with third party SLOAs that meet the seven conditions necessary to avoid the need for a surprise examination. We do not include in custody those clients and assets for which our only basis for custody is the authority to deduct advisory fees from clients' accounts.

## **Item 16      Investment Discretion**

Clients generally engage our firm to provide discretionary investment management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Clients give us discretionary authority when they sign an investment agreement with our firm and may limit this authority by giving us written instructions. Examples of such limitations may include restrictions on the investment in particular securities or industries or specific asset allocation or cash requirements.

Unless otherwise instructed or directed by discretionary clients, Pekin Hardy has the authority to determine the securities and the amount of securities to be purchased and sold for client accounts. Because of differences in client investment objectives and strategies, risk tolerances, tax status, and other criteria, there may be differences among clients in invested positions and securities held. The firm's portfolio managers may consider the following factors, among others, when allocating securities among clients: clients' investment objectives and strategies, risk profiles, tax status and restrictions placed on clients' portfolios by clients or applicable law, size of clients' accounts, nature and liquidity of a security to be allocated, size of available position, current market conditions, and account liquidity and timing of cash flows. Although it is the firm's practice to allocate investment opportunities to eligible client accounts equitably over time, these factors may lead to different asset allocations among client accounts.

## **Item 17      Voting Client Securities**

We only vote proxies on behalf of Appleseed Fund, Discovery Fund and Pioneer Fund and do not vote proxies on behalf of other clients. These other clients retain responsibility for directing



---

the manner in which proxies shall be voted and making all elections for mergers, acquisitions, tender offers, bankruptcy proceedings, and other events pertaining to clients' investment assets. Clients are responsible for instructing their custodians to forward to them copies of proxies and shareholder communications relating to the client's investment assets.

Pekin Hardy, as the investment adviser to the Appleseed Fund, votes proxies on behalf of the Appleseed Fund. As part of the proxy voting process, Pekin Hardy reviews recommendations provided by Glass Lewis. In addition to the Glass Lewis recommendations, we will consider each proxy on an issue by issue basis. For additional detail regarding the proxy voting policy of the Appleseed Fund, please see the Appleseed Fund's prospectus and SAI. If a conflict of interest between Pekin Hardy, its affiliates, or the Appleseed Fund arises with respect to any proxy, Pekin Hardy will disclose the conflict to the Appleseed Fund's Board of Trustees and vote the proxy in accordance with the Board's instructions.

For the Discovery Fund and Pioneer Fund, the general partner will vote proxies with respect to securities held by the funds in accordance with policies developed by the general partner.

Upon client request, Pekin Hardy may provide advice and information to separate account clients to assist them in making a determination of how to vote a specific proxy; however, Pekin Hardy does not accept responsibility for clients' decisions and does not vote these clients' proxies.

## **Item 18 Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, we are required to disclose any financial condition that is likely to impair our ability to meet our contractual obligations. Pekin Hardy has no such financial circumstances to report.

Pekin Hardy has not been the subject of a bankruptcy petition at any time during the past ten years.

## **Miscellaneous**

Investment advisers, including Pekin Hardy, must rely on digital and network technologies (collectively, "cyber networks") to conduct their business. Such cyber networks might in some circumstances be at risk of cyber-attacks that could potentially seek unauthorized access to digital systems for purposes such as misappropriating sensitive information, corrupting data, or causing operation disruption. Although Pekin Hardy maintains certain information technology safeguards intended to protect the confidentiality of its internal data, cyber-incidents could





---

potentially occur and might, in some circumstances, result in unauthorized access to sensitive information about Pekin Hardy or its clients.

# # #