



Payson Total Return Fund

SEMI-ANNUAL REPORT // September 30, 2019
(Unaudited)

PAYSON TOTAL RETURN FUND

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SEPTEMBER 30, 2019

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IMPORTANT INFORMATION

An investment in the Fund is subject to risk, including the possible loss of principal. Other Fund risks include equity risk, convertible securities risk, debt securities risk, exchange-traded funds risk, interest rate risk, credit risk, inflation indexed security risk, government securities risk, value investment risk, mortgage-related and other asset-backed securities risk, and foreign investments risk. Foreign investing involves certain risks and increased volatility not associated with investing solely in the U.S., including currency fluctuations, economic or financial instability, lack of timely or reliable financial information or unfavorable political or legal developments. Mortgage-related and other asset-backed securities risks include extension risk and prepayment risk. In addition, the Fund invests in midcap companies, which pose greater risks than those associated with larger, more established companies. There is no assurance that the Fund will achieve its investment objective.

PAYSON TOTAL RETURN FUND
SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2019

Shares	Security Description	Value
Common Stock - 98.0%		
Consumer Discretionary - 13.3%		
2,615	Amazon.com, Inc. (a)	\$ 4,539,405
26,957	Aptiv PLC	2,356,581
1,322	Booking Holdings, Inc. (a)	2,594,570
10,931	The Home Depot, Inc.	2,536,211
56,296	The TJX Cos., Inc.	3,137,939
		<u>15,164,706</u>
Financial - 22.5%		
62,376	Aflac, Inc.	3,263,511
24,040	American Express Co.	2,843,451
19,139	Berkshire Hathaway, Inc., Class B (a)	3,981,295
24,016	JPMorgan Chase & Co.	2,826,443
18,420	Mastercard, Inc., Class A	5,002,320
11,500	S&P Global, Inc.	2,817,270
29,100	Visa, Inc., Class A	5,005,491
		<u>25,739,781</u>
Health Care - 15.8%		
24,500	AbbVie, Inc.	1,855,140
20,457	Amgen, Inc.	3,958,634
26,621	Danaher Corp.	3,844,871
24,505	Johnson & Johnson	3,170,457
28,845	Merck & Co., Inc.	2,428,172
79,337	Pfizer, Inc.	2,850,578
		<u>18,107,852</u>
Industrials - 9.2%		
40,000	Colfax Corp. (a)	1,162,400
9,600	Cummins, Inc.	1,561,632
37,625	Fortive Corp.	2,579,570
9,527	General Dynamics Corp.	1,740,869
7,000	Union Pacific Corp.	1,133,860
17,300	United Technologies Corp.	2,361,796
		<u>10,540,127</u>
Information Technology - 37.2%		
17,804	Accenture PLC, Class A	3,424,599
4,875	Alphabet, Inc., Class A (a)	5,953,057
26,981	Apple, Inc.	6,042,934
15,510	Broadcom, Inc.	4,281,846

Shares	Security Description	Value	
Information Technology - 37.2% (continued)			
20,800	CDW Corp.	\$ 2,563,392	
66,853	Cisco Systems, Inc.	3,303,207	
13,500	Facebook, Inc., Class A (a)	2,404,080	
21,360	Fidelity National Information Services, Inc.	2,835,754	
20,172	Fiserv, Inc. (a)	2,089,617	
88,808	Intel Corp.	4,576,276	
24,560	Microsoft Corp.	3,414,577	
13,590	Texas Instruments, Inc.	1,756,372	
		<u>42,645,711</u>	
Total Common Stock (Cost \$68,973,102)		<u>112,198,177</u>	
Shares	Security Description	Rate	Value
Preferred Stock - 0.8%			
Industrials - 0.8%			
7,000	Colfax Corp. (Cost \$945,909)	1.44%	913,780
Total Equity Securities (Cost \$69,919,011)			<u>113,111,957</u>
Shares	Security Description	Value	
Money Market Fund - 0.7%			
804,233	Federated Government Obligations Fund, 1.70% (b) (Cost \$804,233)	804,233	
Investments, at value - 99.5% (Cost \$70,723,244)		\$ 113,916,190	
Other Assets & Liabilities, Net - 0.5%		<u>612,171</u>	
Net Assets - 100.0%		<u>\$ 114,528,361</u>	

PLC Public Limited Company
(a) Non-income producing security.
(b) Dividend yield changes daily to reflect current market conditions. Rate was the quoted yield as of September 30, 2019.

The following is a summary of the inputs used to value the Fund's investments as of September 30, 2019.

PAYSON TOTAL RETURN FUND
SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2019

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used in the table below, please refer to the Security Valuation section in Note 2 of the accompanying Notes to Financial Statements.

<u>Valuation Inputs</u>	<u>Investments in Securities</u>
Level 1 - Quoted Prices	\$ 112,198,177
Level 2 - Other Significant Observable Inputs	1,718,013
Level 3 - Significant Unobservable Inputs	-
Total	<u><u>\$ 113,916,190</u></u>

The Level 1 value displayed in this table is Common Stock. The Level 2 value displayed in this table is Preferred Stock and a Money Market Fund. Refer to this Schedule of Investments for a further breakout of each security by industry.

PORTFOLIO HOLDINGS

% of Total Investments

Consumer Discretionary	13.3%
Financial	22.6%
Health Care	15.9%
Industrials	10.1%
Information Technology	37.4%
Money Market Fund	0.7%
	<u><u>100.0%</u></u>

PAYSON TOTAL RETURN FUND
STATEMENT OF ASSETS AND LIABILITIES
SEPTEMBER 30, 2019

ASSETS

Investments, at value (Cost \$70,723,244)	\$ 113,916,190
Cash	681,652
Receivables:	
Fund shares sold	50,000
Dividends and interest	63,123
Prepaid expenses	17,312
Total Assets	<u>114,728,277</u>

LIABILITIES

Payables:	
Fund shares redeemed	9,996
Distributions payable	100,707
Accrued Liabilities:	
Investment adviser fees	56,757
Trustees' fees and expenses	118
Fund services fees	14,081
Other expenses	18,257
Total Liabilities	<u>199,916</u>

NET ASSETS	\$ <u>114,528,361</u>
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COMPONENTS OF NET ASSETS

Paid-in capital	\$ 72,267,192
Distributable earnings	<u>42,261,169</u>
NET ASSETS	\$ <u>114,528,361</u>

SHARES OF BENEFICIAL INTEREST AT NO PAR VALUE (UNLIMITED SHARES AUTHORIZED)	<u>5,659,291</u>
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NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE	<u>\$ 20.24</u>
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PAYSON TOTAL RETURN FUND
STATEMENT OF OPERATIONS
SIX MONTHS ENDED SEPTEMBER 30, 2019

INVESTMENT INCOME

Dividend income (Net of foreign withholding taxes of \$6)	\$	861,959
Interest income		3,394
Total Investment Income		<u>865,353</u>

EXPENSES

Investment adviser fees		339,695
Fund services fees		89,715
Custodian fees		4,118
Registration fees		9,790
Professional fees		21,429
Trustees' fees and expenses		3,099
Other expenses		18,092
Total Expenses		<u>485,938</u>

NET INVESTMENT INCOME

379,415

NET REALIZED AND UNREALIZED GAIN (LOSS)

Net realized loss on investments		(361,969)
Net change in unrealized appreciation (depreciation) on investments		5,264,922

NET REALIZED AND UNREALIZED GAIN

4,902,953

INCREASE IN NET ASSETS RESULTING FROM OPERATIONS

\$ 5,282,368

PAYSON TOTAL RETURN FUND
STATEMENTS OF CHANGES IN NET ASSETS

	For the Six Months Ended September 30, 2019	For the Year Ended March 31, 2019
OPERATIONS		
Net investment income	\$ 379,415	\$ 722,197
Net realized gain	(361,969)	239,355
Net change in unrealized appreciation (depreciation)	5,264,922	8,717,251
Increase in Net Assets Resulting from Operations	<u>5,282,368</u>	<u>9,678,803</u>
DISTRIBUTIONS TO SHAREHOLDERS		
Total Distributions Paid	<u>(379,418)</u>	<u>(718,980)</u>
CAPITAL SHARE TRANSACTIONS		
Sale of shares	7,417,883	12,810,743
Reinvestment of distributions	161,937	307,206
Redemption of shares	(6,864,772)	(8,656,484)
Increase in Net Assets from Capital Share Transactions	<u>715,048</u>	<u>4,461,465</u>
Increase in Net Assets	<u>5,617,998</u>	<u>13,421,288</u>
NET ASSETS		
Beginning of Year	<u>108,910,363</u>	<u>95,489,075</u>
End of Year	<u>\$ 114,528,361</u>	<u>\$ 108,910,363</u>
SHARE TRANSACTIONS		
Sale of shares	370,845	693,817
Reinvestment of distributions	8,053	16,559
Redemption of shares	(341,656)	(463,798)
Increase in Shares	<u>37,242</u>	<u>246,578</u>

PAYSON TOTAL RETURN FUND
FINANCIAL HIGHLIGHTS

These financial highlights reflect selected data for a share outstanding throughout each period.

	For the Six Months Ended September 30, 2019	For the Years Ended March 31,				
		2019	2018	2017	2016	2015
NET ASSET VALUE, Beginning of Period	\$ 19.37	\$ 17.76	\$ 16.14	\$ 13.94	\$ 15.21	\$ 15.22
INVESTMENT OPERATIONS						
Net investment income (a)	0.07	0.13	0.14	0.16	0.16	0.16
Net realized and unrealized gain (loss)	0.87	1.61	2.33	2.25	(0.76)	0.77
Total from Investment Operations	0.94	1.74	2.47	2.41	(0.60)	0.93
DISTRIBUTIONS TO SHAREHOLDERS FROM						
Net investment income	(0.07)	(0.13)	(0.12)	(0.21)	(0.16)	(0.16)
Net realized gain	–	–	(0.73)	–	(0.51)	(0.78)
Total Distributions to Shareholders	(0.07)	(0.13)	(0.85)	(0.21)	(0.67)	(0.94)
NET ASSET VALUE, End of Period	\$ 20.24	\$ 19.37	\$ 17.76	\$ 16.14	\$ 13.94	\$ 15.21
TOTAL RETURN	4.84%(b)	9.83%	15.39%	17.41%	(3.94)%	6.32%
RATIOS/SUPPLEMENTARY DATA						
Net Assets at End of Period (000s omitted)	\$ 114,528	\$ 108,910	\$ 95,489	\$ 78,888	\$ 74,514	\$ 76,875
Ratios to Average Net Assets:						
Net investment income	0.67%(c)	0.71%	0.82%	1.10%	1.11%	1.05%
Net expenses	0.86%(c)	0.89%	0.94%	0.98%	0.97%	0.97%
Gross expenses	0.86%(c)	0.89%	0.94%	0.98%	0.97%	0.97%
PORTFOLIO TURNOVER RATE	8%(b)	27%	38%	30%	55%	41%

(a) Calculated based on average shares outstanding during each period.

(b) Not annualized.

(c) Annualized.

Note 1. Organization

The Payson Total Return Fund (the “Fund”) is a diversified portfolio of Forum Funds (the “Trust”). The Trust is a Delaware statutory trust that is registered as an open-end, management investment company under the Investment Company Act of 1940, as amended (the “Act”). Under its Trust Instrument, the Trust is authorized to issue an unlimited number of the Fund’s shares of beneficial interest without par value. The Fund commenced operations on November 25, 1991. The Fund seeks a combination of high current income and capital appreciation.

Note 2. Summary of Significant Accounting Policies

The Fund is an investment company and follows accounting and reporting guidance under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, “Financial Services – Investment Companies.” These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of increases and decreases in net assets from operations during the fiscal period. Actual amounts could differ from those estimates. The following summarizes the significant accounting policies of the Fund:

Security Valuation – Securities are valued at market prices using the last quoted trade or official closing price from the principal exchange where the security is traded, as provided by independent pricing services on each Fund business day. In the absence of a last trade, securities are valued at the mean of the last bid and ask price provided by the pricing service.

The Fund values its investments at fair value pursuant to procedures adopted by the Trust’s Board of Trustees (the “Board”) if (1) market quotations are not readily available or (2) the Adviser, as defined in Note 4, believes that the values available are unreliable. The Trust’s Valuation Committee, as defined in the Fund’s registration statement, performs certain functions as they relate to the administration and oversight of the Fund’s valuation procedures. Under these procedures, the Valuation Committee convenes on a regular and ad hoc basis to review such investments and considers a number of factors, including valuation methodologies and significant unobservable inputs, when arriving at fair value.

The Valuation Committee may work with the Adviser to provide valuation inputs. In determining fair valuations, inputs may include market-based analytics that may consider related or comparable assets or liabilities, recent transactions, market multiples, book values and other relevant investment information. Adviser inputs may include an income-based approach in which the anticipated future cash flows of the investment are discounted in determining fair value. Discounts may also be applied based on the nature or duration of any restrictions on the disposition of the investments. The Valuation Committee performs regular reviews of valuation methodologies, key inputs and assumptions, disposition analysis and market activity.

PAYSON TOTAL RETURN FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Fair valuation is based on subjective factors and, as a result, the fair value price of an investment may differ from the security's market price and may not be the price at which the asset may be sold. Fair valuation could result in a different net asset value ("NAV") than a NAV determined by using market quotes.

GAAP has a three-tier fair value hierarchy. The basis of the tiers is dependent upon the various "inputs" used to determine the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1 - Quoted prices in active markets for identical assets and liabilities.

Level 2 - Prices determined using significant other observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Short-term securities with maturities of sixty days or less are valued at amortized cost, which approximates market value, and are categorized as Level 2 in the hierarchy. Municipal securities, long-term U.S. government obligations and corporate debt securities are valued in accordance with the evaluated price supplied by a pricing service and generally categorized as Level 2 in the hierarchy. Other securities that are categorized as Level 2 in the hierarchy include, but are not limited to, warrants that do not trade on an exchange, securities valued at the mean between the last reported bid and ask quotation and international equity securities valued by an independent third party with adjustments for changes in value between the time of the securities' respective local market closes and the close of the U.S. market.

Level 3 - Significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The aggregate value by input level, as of September 30, 2019, for the Fund's investments is included at the end of the Fund's Schedule of Investments.

Security Transactions, Investment Income and Realized Gain and Loss – Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Non-cash dividend income is recorded at the fair market value of the securities received. Foreign dividend income is recorded on the ex-dividend date or as soon as possible after determining the existence of a dividend declaration after exercising reasonable due diligence. Income and capital gains on some foreign securities may be subject to foreign withholding taxes, which are accrued as applicable. Interest income is recorded on an accrual basis. Premium is amortized and discount is accreted using the effective interest method. Identified cost of investments sold is used to determine the gain and loss for both financial statement and federal income tax purposes.

Distributions to Shareholders – Distributions to shareholders of net investment income, if any, are declared and paid quarterly. Distributions to shareholders of net capital gains and net foreign currency gains, if any, are declared and paid at least annually. Distributions to shareholders are recorded on the ex-dividend date. Distributions are based on amounts calculated in accordance with applicable federal income tax regulations,

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

which may differ from GAAP. These differences are due primarily to differing treatments of income and gain on various investment securities held by the Fund, timing differences and differing characterizations of distributions made by the Fund.

Federal Taxes – The Fund intends to continue to qualify each year as a regulated investment company under Subchapter M of Chapter 1, Subtitle A, of the Internal Revenue Code of 1986, as amended (“Code”), and to distribute all of its taxable income to shareholders. In addition, by distributing in each calendar year substantially all of its net investment income and capital gains, if any, the Fund will not be subject to a federal excise tax. Therefore, no federal income or excise tax provision is required. The Fund files a U.S. federal income and excise tax return as required. The Fund’s federal income tax returns are subject to examination by the Internal Revenue Service for a period of three fiscal years after they are filed. As of September 30, 2019, there are no uncertain tax positions that would require financial statement recognition, de-recognition or disclosure.

Income and Expense Allocation – The Trust accounts separately for the assets, liabilities and operations of each of its investment portfolios. Expenses that are directly attributable to more than one investment portfolio are allocated among the respective investment portfolios in an equitable manner.

Commitments and Contingencies – In the normal course of business, the Fund enters into contracts that provide general indemnifications by the Fund to the counterparty to the contract. The Fund’s maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote. The Fund has determined that none of these arrangements requires disclosure on the Fund’s balance sheet.

Note 3. Cash – Concentration in Uninsured Account

For cash management purposes, the Fund may concentrate cash with the Fund’s custodian. This typically results in cash balances exceeding the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. As of September 30, 2019, the Fund had \$431,652 at MUFG Union Bank, N.A. that exceeded the FDIC insurance limit.

Note 4. Fees and Expenses

Investment Adviser – H.M. Payson & Co. (the “Adviser”) is the investment adviser to the Fund. Pursuant to an investment advisory agreement, the Adviser receives an advisory fee, payable monthly, from the Fund at an annual rate of 0.60% of the Fund’s average daily net assets.

Distribution – Foreside Fund Services, LLC serves as the Fund’s distributor (the “Distributor”). The Fund does not have a distribution (12b-1) plan; accordingly, the Distributor does not receive compensation from the Fund for its distribution services. The Adviser compensates the Distributor directly for its services. The

PAYSON TOTAL RETURN FUND
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Distributor is not affiliated with the Adviser or Atlantic Fund Administration, LLC, a wholly owned subsidiary of Apex US Holdings, LLC (d/b/a Apex Fund Services) ("Apex") or their affiliates.

Other Service Providers – Apex provides fund accounting, fund administration, compliance and transfer agency services to the Fund. The fees related to these services are included in Fund services fees within the Statement of Operations. Apex also provides certain shareholder report production and EDGAR conversion and filing services. Pursuant to an Apex services agreement, the Fund pays Apex customary fees for its services. Apex provides a Principal Executive Officer, a Principal Financial Officer, a Chief Compliance Officer and an Anti-Money Laundering Officer to the Fund, as well as certain additional compliance support functions.

Trustees and Officers – The Trust pays each independent Trustee an annual retainer of \$31,000 for services to the Trust (\$41,000 for the Chairman). The Audit Committee Chairman receives an additional \$2,000 annually. The Trustees and Chairman may receive additional fees for special Board meetings. Each Trustee is also reimbursed for all reasonable out-of-pocket expenses incurred in connection with his or her duties as a Trustee, including travel and related expenses incurred in attending Board meetings. The amount of Trustees' fees attributable to the Fund is disclosed in the Statement of Operations. Certain officers of the Trust are also officers or employees of the above named service providers, and during their terms of office received no compensation from the Fund.

Note 5. Security Transactions

The cost of purchases and proceeds from sales of investment securities (including maturities), other than short-term investments, during the period ended September 30, 2019 were \$8,896,891 and \$8,320,121, respectively.

Note 6. Federal Income Tax

As of September 30, 2019, the cost of investments for federal income tax purposes is substantially the same as for financial statement purposes and the components of net appreciation were as follows:

Gross Unrealized Appreciation	\$	43,801,099
Gross Unrealized Depreciation		(608,153)
Net Unrealized Appreciation	\$	<u>43,192,946</u>

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NOTES TO FINANCIAL STATEMENTS
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As of March 31, 2019, distributable earnings (accumulated loss) on a tax basis were as follows:

Undistributed Ordinary Income	\$	105,543
Capital and Other Losses		(569,768)
Unrealized Appreciation		37,928,024
Other Temporary Differences		(105,580)
Total	\$	<u>37,358,219</u>

The difference between components of distributable earnings on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to treatment of distributions payable.

As of March 31, 2019, the Fund had \$569,768 of available short-term capital loss carryforwards that have no expiration date.

Note 7. Subsequent Events

Subsequent events occurring after the date of this report through the date these financial statements were issued have been evaluated for potential impact, and the Fund has had no such events.

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ADDITIONAL INFORMATION

SEPTEMBER 30, 2019

Investment Advisory Agreement Approval

At the June 13, 2019 Board meeting, the Board, including the Independent Trustees, considered the approval of the continuance of the investment advisory agreement between H.M. Payson & Co. (the “Adviser”) and the Trust pertaining to the Fund (the “Advisory Agreement”). In preparation for its deliberations, the Board requested and reviewed written responses from the Adviser to a due diligence questionnaire circulated on the Board's behalf concerning the services provided by the Adviser. The Board also discussed the materials with Fund counsel and, as necessary, with the Trust's administrator. During its deliberations, the Board received an oral presentation from the Adviser, and was assisted by the advice of Trustee counsel.

At the meeting, the Board reviewed, among other matters: (1) the nature, extent and quality of the services provided to the Fund by the Adviser, including information on the investment performance of the Fund and the Adviser; (2) the costs of the services provided and profitability to the Adviser of its relationship with the Fund; (3) the advisory fee and total expense ratio of the Fund as compared to those of a relevant peer group of funds; (4) the extent to which economies of scale may be realized as the Fund grows and whether the advisory fee enables the Fund's investors to share in the benefits of economies of scale; and (5) other benefits received by the Adviser from its relationship with the Fund. In addition, the Board recognized that the evaluation process with respect to the Adviser was an ongoing one and, in this regard, the Board considered information provided by the Adviser at regularly scheduled meetings during the past year.

Nature, Extent and Quality of Services

Based on written materials received, a presentation from senior representatives of the Adviser and a discussion with the Adviser about the Adviser's personnel, operations and financial condition, the Board considered the quality of services provided by the Adviser under the Advisory Agreement. In this regard, the Board considered information regarding the experience, qualifications and professional background of the portfolio managers and other personnel at the Adviser with principal responsibility for the Fund, as well as the investment philosophy and decision-making process of the Adviser and the capability and integrity of the Adviser's senior management and staff.

The Board considered also the adequacy of the Adviser's resources. The Board noted the Adviser's representation that the firm is in stable financial condition and has the operational capability, the staffing and experience, and the financial strength necessary to continue providing high-quality investment advisory services to the Fund. Based on the presentation and the materials provided by the Adviser in connection with the Board's consideration of the renewal of the Advisory Agreement, among other relevant factors, the Board concluded that, overall, it was satisfied with the nature, extent and quality of services to be provided to the Fund under the Advisory Agreement.

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ADDITIONAL INFORMATION

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Performance

In connection with a presentation by the Adviser regarding its approach to managing the Fund, the Board reviewed the performance of the Fund as compared to its benchmark. The Board observed that the Fund outperformed its primary benchmark, the S&P 500 Index, for the one- and three-year periods ended March 31, 2019, and underperformed its primary benchmark for the five- and 10-year periods ended March 31, 2019. The Board noted the Adviser's representation that the Fund's recent outperformance reflected a market environment that was better aligned with the Fund's sector allocations than the market environment in prior periods. The Board also considered the Fund's performance relative to an independent peer group of funds identified by Broadridge Financial Solutions, Inc. ("Broadridge") as having characteristics similar to those of the Fund. The Board observed that, based on the information provided by Broadridge, the Fund outperformed the median of its peer group for the one-, three-, and five-year periods ended March 31, 2019. Based on the foregoing and other relevant considerations, the Board concluded that the Fund's shareholders could benefit from the Adviser's management under the Advisory Agreement.

Compensation

The Board evaluated the Adviser's compensation for providing advisory services to the Fund and analyzed comparative information on actual advisory fee rate and actual total expense ratio of the Fund as compared to its Broadridge peer group. The Board observed that each of the Fund's actual advisory fee rate and actual total expense ratio were less than the median of its peer group. Based on the foregoing and other applicable considerations, the Board concluded that the advisory fee rate charged to the Fund was reasonable.

Cost of Services and Profitability

The Board evaluated information provided by the Adviser regarding the costs of services and its profitability with respect to the Fund. In this regard, the Board considered the Adviser's resources devoted to the Fund, as well as the information provided by the Adviser regarding the costs and profitability of its Fund activities. The Board noted the Adviser's representation that it does not account for its relationship with the Fund as a separate profit center, though administrative and compliance costs attributable to the Fund were believed to have increased in recent years relative to the Adviser's other advisory clients. Based on these and other applicable considerations, the Board concluded that the Adviser's profitability attributable to management of the Fund was not unreasonable.

Economies of Scale

The Board evaluated whether the Fund would benefit from any economies of scale. In this respect, the Board considered the Fund's fee structure, asset size, and net expense ratio. The Board also considered the Adviser's representation that the Fund could potentially benefit from economies of scale if its assets were to increase. Given relatively low current asset levels in the Fund, the Board determined that the asset level

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of the Fund was not indicative of economies of scale and economies of scale were not a material factor in approving the Advisory Agreement.

Other Benefits

The Board noted the Adviser's representation that, aside from its contractual advisory fees, it does not benefit in a material way from its relationship with the Fund. Based on the foregoing representation, the Board concluded that other benefits received by the Adviser from its relationship with the Fund were not a material factor to consider in approving the Advisory Agreement.

Conclusion

The Board did not identify any single factor as being of paramount importance, and different Trustees may have given different weight to different factors. The Board reviewed a memorandum from Fund counsel discussing the legal standards applicable to its consideration of the Advisory Agreement. Based on its review, including consideration of each of the factors referenced above, and its consideration of information received throughout the year from the Adviser, the Board determined, in the exercise of its reasonable business judgment, that the advisory arrangement, as outlined in the Advisory Agreement, was fair and reasonable in light of the services performed or to be performed, expenses incurred or to be incurred and such other matters as the Board considered relevant.

Proxy Voting Information

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling (800) 805-8258 and on the SEC website at www.sec.gov. The Fund's proxy voting record for the most recent twelve-month period ended June 30 is available, without charge and upon request, by calling (800) 805-8258 and on the SEC's website at www.sec.gov.

Availability of Quarterly Portfolio Schedules

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. These filings are available, without charge and upon request on the SEC's website at www.sec.gov or may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

Shareholder Expense Example

As a shareholder of the Fund, you incur ongoing costs, including management fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

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ADDITIONAL INFORMATION

SEPTEMBER 30, 2019

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from April 1, 2019 through September 30, 2019.

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 the period.

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

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds.

	<u>Beginning Account Value April 1, 2019</u>	<u>Ending Account Value September 30, 2019</u>	<u>Expenses Paid During Period*</u>	<u>Annualized Expense Ratio*</u>
Actual	\$ 1,000.00	\$ 1,048.39	\$ 4.40	0.86%
Hypothetical (5% return before expenses)	\$ 1,000.00	\$ 1,020.70	\$ 4.34	0.86%

* Expenses are equal to the Fund’s annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year (183) divided by 366 to reflect the half-year period.

FOR MORE INFORMATION

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Investment Company Act File No. 811-03023

This report is submitted for the general information of the shareholders of the Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus, which includes information regarding the Fund's risks, objectives, fees and expenses, experience of its management, and other information.