Marathon Value Portfolio

Annual Report

October 31, 2012

Fund Advisor:

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October 31, 2012

Dear Fellow Shareholders,

To many readers who have seen the contrast between the movements in the market and the headlines in the newspapers, this past year's stock market must seem like a Disney fantasy movie. You are familiar enough with the headlines that they need not be repeated. You probably know as well that the stock market had an above average year.

So what happened? Certainly the Federal Reserve's zero interest rate policy provided a tailwind. Not only did the policy create lots of money and liquidity, but low returns on other assets made shares more appealing because dividend yields exceeded Treasuries by the largest amount since the early 1950s. Also, corporate profit margins at the end of 2011 were at record levels.

"Unprecedented" is a somewhat overused word, but not nearly as overworked as "great" by TV sportscasters. But the current stock market backstop is by far *unprecedented*. The Treasury bond market normally serves as a benchmark for both risk and valuations, but never has the Federal Reserve pursued a zero interest rate the way it has for the last four years. Record deficits normally cause bond rates to rise, but as mentioned in an earlier letter, the Federal Reserve's quantitative easing has made borrowing by the government painless. As a result, investors cannot use Treasury bond yields as a critical benchmark against which to measure other investments. Furthermore, a dysfunctional government has created unprecedented uncertainty about taxes and regulations, which poses a daunting hurdle for companies and managements.

While no history can guide in today's financial markets, lets hope that history does not repeat itself on this country. History is replete with examples of countries whose grandiose notions of their greatness led to overextensions and eventual declines. An example, often forgotten by us, is the great Austro-Hungarian Empire, which collapsed as a result of World War I. While we still possess much strength, we will have to change to avoid the fate of this group. For example, today's national government is far from the worst in our history, but it has the capacity to do greater harm than in any prior time. This threat is a result of the great number of regulations and rules written not just by government agencies, but by the law firms and lobbying groups that populate the D.C. area. That seven of the ten wealthiest counties in the country are in the D.C. area shows the high stakes involved in this process. Unlike private parties, government regulatory bodies benefit from their failures at budget times. The fate of the economy depends mightily on an improved performance in Washington.

Following the adage to concern oneself with only what we can change, I intend to continue our path of cautious investing in this environment. I will continue to concentrate on investing in companies with proven business models and competent management. While historically this Fund has invested with low turnover, this year presented us an opportunity to harvest some long term gains at a lower rate than we may see in the future. Overall, as long as corporate profits are there, the stock market will be a good place to invest for the long run.

I am grateful for the trust you have placed in our Fund. May the New Year bring you good health and good cheer.

Sincerely,

Marc Heilweil

MANAGEMENT DISCUSSION

Over the twelve-month period ending October 31, 2012, Marathon Value ("Marathon" or "the Fund") returned +10.24%. Marathon's annualized performance since inception (March 28, 2000) is +6.75%. The comparable total returns for the S&P 500 benchmark are +15.17% and +1.36%. Since the Fund's inception, the Fund's cumulative total return has been +127.61%, versus the S&P500's cumulative total return of +18.59% for a total return differential of +109.02% for Marathon.

PERFORMANCE SUMMARY

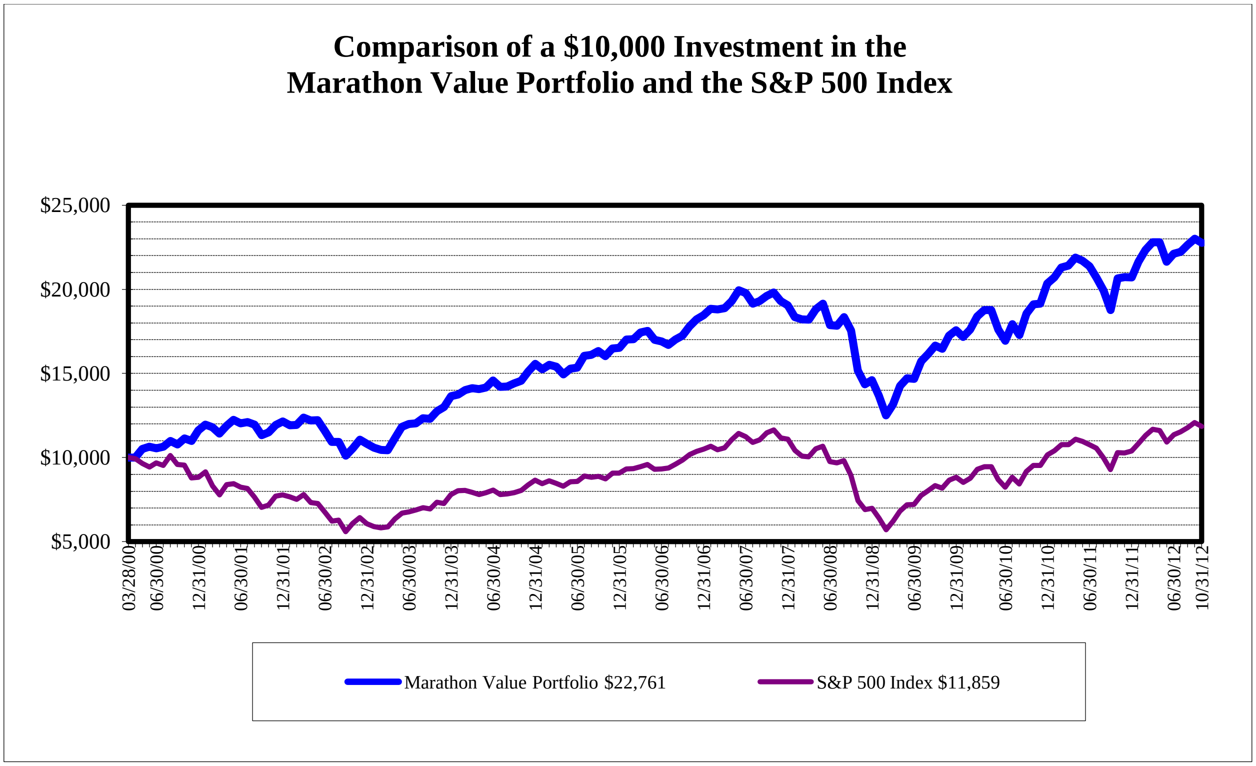
	For Calendar Year													
	2000*	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Year-to-Date 2012 as of 10/31/12	Since Inception as of 10/31/12
Marathon Value Portfolio	16.06%	4.70%	-11.00%	26.20%	14.03%	6.20%	11.76%	3.10%	-23.33%	20.29%	15.87%	1.76%	9.93%	127.61%
S&P 500 Index	-11.67%	-11.89%	-22.10%	28.68%	10.88%	4.91%	15.79%	5.49%	-37.00%	26.46%	15.06%	2.11%	14.26%	18.59%

Annualized Total Returns					
	For the Periods Ended October 31, 2012				
	One Year	Three Year Average	Five Year Average	Ten Year Average	Since Inception
Marathon Value Portfolio	10.24%	11.38%	2.82%	7.99%	6.75%
S&P 500 Index	15.17%	13.20%	0.35%	6.90%	1.36%

The Total Gross Annual Expense Ratio for the Fund, as disclosed in the Fund's prospectus, before waivers and reimbursements is 1.25%. (1.25% after waivers and reimbursements by the Advisor). The Advisor has contractually agreed to waive its fees and/or cap certain operating expenses (excluding indirect expenses such as acquired fund fees) of the Fund through February 28, 2013.

***** *March 28, 2000 is the date Spectrum Advisory Services Inc. assumed management of Marathon. Returns for 2000 are from 03/28/00 through 12/31/00. Returns are not annualized, except where noted. Performance quoted is past performance. The Fund's past performance does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting www.marathonvalue.com or by calling 1-800-788-6086. The index is unmanaged and returns for both the index and the Fund include reinvested dividends and capital gains. It is not possible to invest directly in an index.*

You should carefully consider the investment objectives, potential risks, management fees, and charges and expenses of the Fund before investing. The Fund's Prospectus contains this and other information about the Fund, and should be read carefully before investing. You may obtain a current copy of the Fund's Prospectus by visiting www.marathonvalue.com or by calling 1-800-788-6086.



The chart above assumes an initial investment of $10,000 made on March 28, 2000 (commencement of Fund operations) and held through October 31, 2012. The Fund's return represents past performance and does not guarantee future results. The line graph and performance table shown do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original purchase price.

The Fund's investment objectives, risk, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company and can be obtained by calling 1-800-788-6086 or visiting www.marathonvalue.com. The prospectus should be read carefully before investing.

The S&P 500 Total Return Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The Fund's portfolio holdings may differ significantly from the securities held in the Index and, unlike a mutual fund, an unmanaged index assumes no transaction costs, taxes, management fees or other expenses.

The past twelve months have seen some large swings in sentiment as the stock market anticipated recession, then growth, then recession, then growth again. There is a preponderance of talking heads – both bullish and bearish – claiming to know the future. An example would be the folks at ECRI (Economic Cycle Research Institute), who predicted a recession last fall. With a previously perfect record for predicting such events, their words were given heavy weight by market professionals, only to turn out to be wrong. Humility about future events is a virtue we value.

Some investors sit on the sidelines, disillusioned with a market ever more reliant on the Fed's zero-interest-rate policy. We would agree that this has distorted the market, but to use that as an excuse not to do the hard work is a lazy macro view that ignores the importance of company-specific research and stock picking. Another reason to focus on the longer term is the makeup of the performance of the S&P 500. Several of the index's triple-digit percentage gainers came from lower-quality companies rebounding from decade lows. If one were to look back at a three- or five-year chart, these companies have a poorer track record. Growth stocks have outperformed, but multiple indicators suggest this could be a trend headed toward a reversal.

The Fund's top five contributors to performance all share a common trait: a significant exposure to an improving U.S. housing sector. Although some headwinds remain for the housing market, demographic trends such as natural household formation cannot be postponed forever. Valspar Corporation (VAL) benefits from new home sales, but their paints are also appealing to those homeowners looking for a cheaper project that better fits their finances. PPG Industries Inc. (PPG) residential glass and architectural coatings get a boost from new homebuilding as well. B of I Holdings Inc. (BOFI) has made excellent headway originating high-quality, high-down payment residential home loans to a well-heeled demographic. Tyco International LTD (TYC), benefits as new homeowners invest in security for their families, driving recurring service revenues over time. Lowe's Companies Inc., (LOW) sees the most direct benefit from an improved housing environment, with high-margin appliance and fixture sales improving. Our Fund by no means depends upon a housing recovery, but we highlight the benefits that a few of our companies see in this long-suffering industry's recovery.

Among our new purchases this year were several European stocks. During the height of this summer's Eurozone fears, we purchased the ADR's of an old favorite, DSM N.V. (RDSMY). This company, which we have owned in private accounts for over a decade, started out as a coal mining company named Dutch State Mines. It then converted to a natural gas and petrochemical producer. It is now principally a seller of biopharmaceutical ingredients and nutraceuticals. Profit margins are better than in the past, yet DSM has not taken any large write-offs in the course of these business transitions.

Over the summer, ConocoPhillips (COP) separated its oil exploration and production business from its refining and pipeline and operations. Initially the market failed to recognize the value in the newly created Phillips 66 (PSX) shares, so we added to our position in the new entity. We reduced our position in Phillips 66 as the share price increased significantly over subsequent months, reducing the margin of safety in the shares.

The Fund's largest contributor to performance was Valspar Corporation (+62.76%). Challenges in residential and commercial construction end markets were more than offset by new customer wins among industrial and manufacturing companies. A richer product mix, price increases, and their trademark focus on costs led to a 29% increase in operating profit on a negligible sales increase in the most recent quarter for the company's coatings segment, a performance that did not go unnoticed by the stock market. Prospects are bright for continued market share gains and include an agreement with home improvement retailer B&Q to introduce Valspar paint to their 350 locations in the United Kingdom and Ireland.

B of I Holdings Inc. (+83.49%) delivered our largest percentage gain even while maintaining characteristically high credit standards, the bank was able to increase net income 54% during their fiscal year ended June 2012. The bank raised common and preferred equity at attractive levels to give them a platform for further growth using their unique "asset-light" banking model. While a 50% efficiency ratio (expenses as a percent of net revenue) is considered good, B of I Holdings Inc. is among the industry's best at 36%.

Tyco International Corp (+29.41%)[1] was the third largest contributor to the fund's performance. During the last quarter of our fiscal year, Tyco spun off its ADT Corporation (ADT) home security business and merged the flow control operations with Pentair (PNR). This thoughtful and careful separation has unlocked shareholder value, as market participants can properly evaluate the various business segments on their own. Notorious Tyco is now nine different firms including TE Connectivity (TEL), which we also own.

Lowe's Companies Inc. shares rose (+56.70%) during the fiscal year. The company has implemented an extensive inventory evaluation across all product lines with a focus on holding only the inventory that the customer most desires, which in turn should boost margins. This process has resulted in uneven sales in recent quarters and has been difficult for investors to evaluate. However at this point much of the tough work has been done, and the results across a few early product line inventory revamps show demonstrable sales increases.

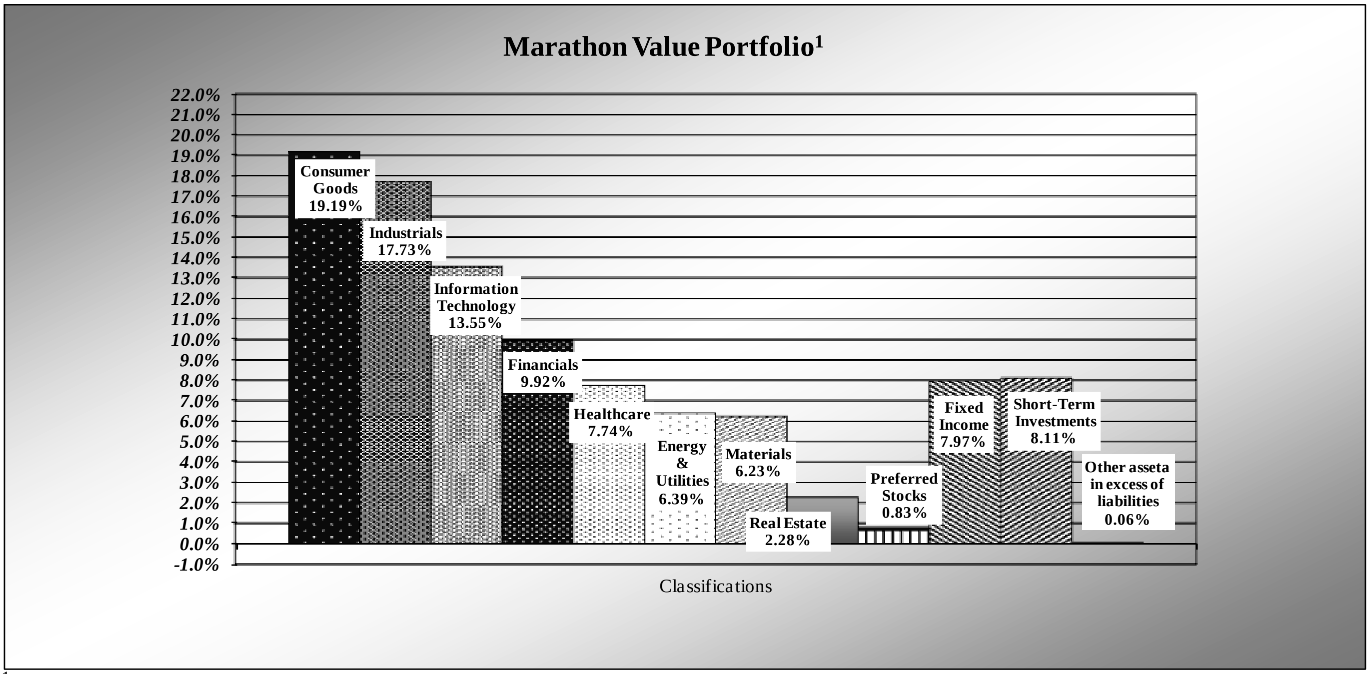
The Fund's largest loss during the fiscal year was Knight Capital Group (KCG) (-77.08%). Knight managed to wipe out most of its market value in half an hour when it suffered a massive trading loss due to an internal software error that entered erroneous trades. We manage risks as carefully as possible, but this is an example of an unforeseeable loss and is why it is good to be diversified.

Earlier this year, we took a small position in Hewlett Packard Company (HPQ) (-31.36%). With over $30 billion in sales, it serves many members of the Fortune 100 with technical hardware and professional services. Considering the price we paid, we think it has upside value. Without a doubt, their bureaucracy and poor governance show how a great entrepreneurial enterprise can nearly destroy itself.

The Fund continues to have a higher than average exposure to industrial names, which dates back to our view that for the first time in the postwar period, manufacturing would lead the recovery after a recession. After a strong run as the global economy recovered, this sector has underperformed in the past 12 months due to recessionary conditions in Europe and slower growth in mainland China. We believe that while the European troubles will be ongoing, it is likely that China will return to better growth shortly. These industrial companies continue their efforts to be globally competitive by investing in their infrastructure and workforce even at the expense of current operating margins. In contrast to prior periods, at this time we have no specific sector that we think is especially promising.

[1] *Aggregate performance reflected collectively for TYC, ADT and PNR because they began the year as one company.*

Fund Holdings (Unaudited)



[1]Based on net assets.

The investment objective of the Marathon Value Portfolio is to provide shareholders with long-term capital appreciation in a well-diversified portfolio.

Availability of Portfolio Schedule (unaudited)

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

Summary of Fund Expenses (unaudited)

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

The Example is based on an investment of $1,000 invested at the beginning of the period (May 1, 2012) and held for the entire period (through October 31, 2012).

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.60), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

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

Expenses shown are meant to highlight your ongoing costs only and do not reflect any transactional costs. The second line of the table below is useful in comparing ongoing costs only and will not help you determine the relative costs of owning different funds.

Marathon Value Portfolio	**Beginning Account Value May 1, 2012**	**Ending Account Value October 31, 2012**	**Expenses Paid During Period* May 1, 2012 – October 31, 2012**
Actual	$1,000.00	$998.90	$6.28
Hypothetical (5% return before expenses)	$1,000.00	$1,018.85	$6.34

*Expenses are equal to the Fund's annualized expense ratio of 1.25%, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the partial year period).

Marathon Value Portfolio
Schedule of Investments
October 31, 2012

Common Stocks - 80.75%	**Shares**		**Fair Value**
Automobiles, Parts & Equipment - 2.34%			
Advance Auto Parts, Inc.	6,200	$	439,828
Autoliv, Inc.	3,600		207,360
Genuine Parts Co.	8,500		531,930
			1,179,118
Banking - Financial - 4.91%			
B of I Holdings, Inc. (a)	16,400		461,168
Credit Suisse Group AG (b)	8,500		198,390
Northeast Bancorp	50,900		485,077
Seacoast Banking Corp. of Florida (a)	191,642		306,627
SunTrust Banks, Inc.	18,500		503,200
U.S. Bancorp	15,530		515,751
			2,470,213
Communications, Broadcasting & Cable - 0.41%			
SK Telecom Co., Ltd. (b)	13,300		207,879
Computer Software & Hardware - 6.61%			
Cisco Systems, Inc.	29,000		497,060
Google, Inc. - Class A (a)	1,100		747,747
Hewlett-Packard Co.	17,000		235,450
Intel Corp.	15,000		324,375
International Business Machines Corp.	6,200		1,206,086
Microsoft Corp.	11,100		316,739
			3,327,457
Data Services - 3.65%			
Automatic Data Processing, Inc.	6,700		387,193
Equifax, Inc.	9,800		490,392
Global Payments, Inc.	9,500		406,125
Total System Services, Inc.	11,000		247,390
Verisk Analytics, Inc. - Class A (a)	6,000		306,000
			1,837,100
Delivery and Freight Services - 1.43%			
United Parcel Service, Inc. - Class B	9,800		717,850
Durable Goods - 0.21%			
Pentair Ltd	2,545		107,489
Electric Components, Parts & Equipment - 5.47%			
Avnet, Inc. (a)	21,600		618,840
Corning, Inc.	22,500		264,375
Linear Technology Corp.	21,500		672,090
Secom Co., Ltd. (b)	23,139		298,030
TE Connectivity, Ltd.	9,000		289,620
Texas Instruments, Inc.	12,200		342,698
Zebra Technologies Corp. - Class A (a)	7,480		268,756
			2,754,409

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

Marathon Value Portfolio
Schedule of Investments - continued
October 31, 2012

Common Stocks - 80.75% - continued	Shares	Fair Value
Energy - 5.98%		
Anadarko Petroleum Corp.	5,000	$ 344,050
ConocoPhillips	6,600	381,810
Exxon Mobil Corp.	5,323	485,298
Noble Corp.	22,900	864,246
Phillips 66	8,000	377,280
RPC, Inc.	13,500	154,710
Sasol Ltd. (b)	9,500	402,895
		3,010,289
Finance - 0.32%		
Reading International, Inc. - Class A (a)	26,300	159,115
Gold & Silver Ores - 0.79%		
Allied Nevada Gold Corp. (a)	10,800	398,736
Healthcare - 4.24%		
Becton, Dickinson & Co.	5,500	416,240
Cardinal Health, Inc.	5,500	226,215
Life Technologies Corp. (a)	7,808	381,889
St. Jude Medical, Inc.	12,500	478,250
Stryker Corp.	9,700	510,220
Thermo Fisher Scientific, Inc.	2,000	122,120
		2,134,934
Household Products - 3.62%		
Colgate-Palmolive Co.	6,600	692,736
Kimberly-Clark Corp.	6,400	534,080
Procter & Gamble Co.	8,627	597,334
		1,824,150
Industrial Conglomerates - 8.67%		
3M Co.	10,700	937,320
Eaton Corp.	18,100	854,682
Emerson Electric Co.	11,400	552,102
General Electric Co.	23,300	490,698
Leggett & Platt, Inc.	5,200	137,956
Raven Industries, Inc.	26,684	728,206
Tyco International, Ltd.	24,775	665,704
		4,366,668
Industrial Machinery - 4.58%		
Graco, Inc.	25,438	1,222,550
Illinois Tool Works, Inc.	8,300	509,039
Lincoln Electric Holdings, Inc.	13,300	576,821
		2,308,410
Insurance - 5.01%		
Alleghany Corp. (a)	3,013	1,047,319
Aon Corp.	5,000	269,750
Berkshire Hathaway, Inc. - Class B (a)	6,500	561,275
National Western Life Insurance Co. - Class A	1,306	183,323
White Mountains Insurance Group, Ltd.	900	461,430
		2,523,097
Materials - 0.28%		
Resolute Forest Products (a)	11,500	140,300

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

Marathon Value Portfolio
Schedule of Investments - continued
October 31, 2012

Common Stocks - 80.75% - continued	Shares	Fair Value
Packaged Foods - 3.36%		
Archer-Daniels-Midland Co.	16,000	$ 429,440
Campbell Soup Co.	15,500	546,685
PepsiCo, Inc.	10,300	713,172
		1,689,297
Pharmaceuticals - 3.50%		
Bristol-Myers Squibb Co.	8,500	282,625
GlaxoSmithKline plc (b)	10,000	449,000
Novartis AG (b)	6,845	413,849
Novo Nordisk A/S (b)	1,300	208,377
Pfizer, Inc.	11,500	286,005
Teva Pharmaceutical Industries Ltd. (b)	3,000	121,260
		1,761,116
Publishing & Printing Media - 0.73%		
John Wiley & Sons, Inc. - Class A	8,500	368,730
Restaurants - 1.45%		
McDonald's Corp.	8,400	729,120
Retail Stores - 6.32%		
Bed Bath & Beyond, Inc. (a)	8,600	496,048
Costco Wholesale Corp.	6,300	620,109
Family Dollar Stores, Inc.	2,500	164,900
Lowe's Companies, Inc.	23,500	760,930
Staples, Inc.	20,120	231,682
Tiffany & Co.	4,000	252,880
Walgreen Co.	8,000	281,840
Weis Markets, Inc.	9,100	374,556
		3,182,945
Services - Detective, Guard & Armored Car - 0.59%		
ADT Corp. / The (a)	7,138	296,278
Services - Miscellaneous Amusement & Recreation - 0.78%		
Walt Disney Co. / The	8,000	392,560
Specialty Chemicals - 5.16%		
Koninklijke DSM NV (b)	19,621	257,035
PPG Industries, Inc.	9,000	1,053,720
Valspar Corp.	23,000	1,288,690
		2,599,445
Staffing Services - 0.34%		
CDI Corp.	10,100	173,619
TOTAL COMMON STOCKS (Cost $28,360,959)		40,660,324
Real Estate Investment Trusts - 2.28%		
Colony Financial, Inc.	11,481	229,735
EastGroup Properties, Inc.	3,800	197,828
Plum Creek Timber Co., Inc.	16,370	718,643
TOTAL REAL ESTATE INVESTMENT TRUSTS (Cost $768,137)		1,146,206

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

Marathon Value Portfolio
Schedule of Investments - continued
October 31, 2012

Preferred Stock - 0.83%	**Shares**	**Fair Value**
E. I. du Pont de Nemours & Co., callable on 01/04/2013 @ $120	4,000	$ 420,600
TOTAL PREFERRED STOCK (Cost $308,578)		420,600

Corporate Bonds - 7.97%	**Principal Amount**	**Fair Value**
Bank of America Corp., 0.719%, 09/15/2014 (c)	$ 250,000	$ 247,538
Case New Holland, Inc., 7.750%, 09/01/2013	350,000	369,250
Chesapeake Energy Corp., 9.500%, 02/15/2015	300,000	337,500
CWABS, Inc., 0.871%, 04/25/2032 (c) (d)	63,217	37,489
CWABS, Inc., 3.211%, 10/25/2032 (c) (d)	27,904	2,350
Duke Realty LP, 6.250%, 05/15/2013	300,000	308,414
Ford Motor Credit Co. LLC, 7.000%, 10/01/2013	300,000	316,531
IMPAC CMB Trust, 1.111%, 10/25/2033 (c) (e)	97,592	97,611
IMPAC CMB Trust, 1.051%, 09/25/2034 (c) (e)	116,905	99,224
Ingles Markets, Inc., 8.875%, 05/15/2017	350,000	378,438
JPMorgan Chase & Co., 5.750%, 01/02/2013	300,000	302,652
Mississippi Chemical Corp., 7.250%, 11/15/2017 (a) (f)	125,000	-
Mondelez International, Inc., 5.250%, 10/01/2013	500,000	519,986
PlainsCapital Bank, 0.200%, 12/07/2012	250,000	249,962
SunTrust Bank / Atlanta GA, 0.660%, 04/01/2015 (c)	300,000	292,401
Susquehanna Bank / Lititz PA, 0.250%, 12/07/2012	250,000	249,973
Tesoro Corp., 6.500%, 06/01/2017	200,000	206,500
TOTAL CORPORATE BONDS (Cost $4,045,587)		4,015,819

Money Market - 8.11%	**Shares**	
Fidelity Institutional Money Market Portfolio, 0.20% (c)	4,084,732	$ 4,084,732
TOTAL MONEY MARKETS (Cost $4,084,732)		4,084,732
TOTAL INVESTMENTS (Cost $37,567,993) - 99.94%		$ 50,327,681
Other assets in excess of liabilities - 0.06%		28,831
TOTAL NET ASSETS - 100.00%		$ 50,356,512

(a) Non-income producing.
(b) American Depositary Receipt.
(c) Variable rate securities; the coupon rate shown represents the rate at October 31, 2012.
(d) Asset-Backed Security.
(e) Collateralized mortgage obligation.
(f) In default, issuer filed Chapter 11 bankruptcy. This security is currently valued according to fair value procedures approved by the Trust.

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

Marathon Value Portfolio
Statement of Assets and Liabilities
October 31, 2012

Assets		
Investments in securities		
At cost	$	37,567,993
At fair value		50,327,681
Dividends receivable		35,390
Interest receivable		49,901
Receivable from capital stock sold		50,951
Receivable from tax reclaim		567
Total assets		50,464,490
Liabilities		
Payable for capital stock purchased		2,000
Accrued advisory fees (a)		105,978
Total liabilities		107,978
Net Assets	$	50,356,512
Net Assets consist of:		
Paid in capital		36,938,268
Accumulated undistributed net investment income (loss)		272,751
Accumulated net realized gain (loss) on investments		385,805
Net unrealized appreciation (depreciation) on investments		12,759,688
Net Assets	$	50,356,512
Shares outstanding (unlimited number of shares authorized)		2,841,682
Net Asset Value		
Offering and redemption price per share	$	17.72

(a) See Note 4 in the Notes to the Financial Statements.

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

Marathon Value Portfolio
Statement of Operations
For the year ended October 31, 2012

Investment Income		
Dividend income (net of foreign withholding tax of $9,509)	$	828,900
Interest income		104,680
Total Income		933,580
Expenses		
Investment advisor fee (a)		583,729
Total Expenses		583,729
Net Investment Income (Loss)		349,851
Realized & Unrealized Gain (Loss)		
Net realized gain (loss) on investment securities		385,315
Change in unrealized appreciation (depreciation) on investment securities		3,701,211
Net realized and unrealized gain (loss) on investment securities		4,086,526
Net increase (decrease) in net assets resulting from operations	$	4,436,377

(a) See Note 4 to the Financial Statements

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

Marathon Value Portfolio
Statements of Changes In Net Assets

Increase (Decrease) in Net Assets due to:		**Year ended October 31, 2012**		**Year ended October 31, 2011**
Operations				
Net investment income (loss)	$	349,851	$	251,012
Net realized gain (loss) on investment securities		385,315		1,283,127
Change in unrealized appreciation (depreciation) on investments		3,701,211		1,509,698
Net increase (decrease) in net assets resulting from operations		4,436,377		3,043,837
Distributions				
From net investment income		(278,183)		(248,945)
From net realized gains		(843,382)		-
Change in net assets from distributions		(1,121,565)		(248,945)
Capital Share Transactions				
Proceeds from shares sold		7,695,358		4,301,086
Reinvestment of distributions		1,118,418		248,268
Amount paid for shares redeemed		(3,022,910)		(2,924,598)
Net increase (decrease) in net assets resulting from share transactions		5,790,866		1,624,756
Total Increase (Decrease) in Net Assets		9,105,678		4,419,648
Net Assets				
Beginning of year		41,250,834		36,831,186
End of year	$	50,356,512	$	41,250,834
Accumulated undistributed net investment income included in net assets at end of year	$	272,751	$	200,643
Capital Share Transactions				
Shares sold		448,393		265,079
Shares issued in reinvestment of distributions		69,814		15,278
Shares redeemed		(174,254)		(176,204)
Net increase (decrease) from capital share transactions		343,953		104,153

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

Marathon Value Portfolio
Financial Highlights
(For one share outstanding during each period)

	Year ended October 31, 2012	Year ended October 31, 2011	Year ended October 31, 2010	Year ended October 31, 2009	Year ended October 31, 2008
Selected Per Share Data					
Net asset value, beginning of period	$ 16.52	$ 15.39	$ 13.37	$ 12.54	$ 16.88
Income from investment operations					
Net investment income	0.13	0.10	0.11	0.12	0.16
Net realized and unrealized gain (loss)	1.51	1.13	2.02	0.91	(4.01)
Total from investment operations	1.64	1.23	2.13	1.03	(3.85)
Less Distributions to shareholders:					
From net investment income	(0.11)	(0.10)	(0.11)	(0.19)	(0.18)
From capital gains	(0.33)	-	-	(0.01)	(0.31)
Total distributions	(0.44)	(0.10)	(0.11)	(0.20)	(0.49)
Net asset value, end of period	$ 17.72	$ 16.52	$ 15.39	$ 13.37	$ 12.54
Total Return (a)	10.24%	8.03%	16.04%	8.51%	-23.36%
Ratios and Supplemental Data					
Net assets, end of period (000)	$ 50,357	$ 41,251	$ 36,831	$ 30,802	$ 26,979
Ratio of expenses to average net assets before waiver	1.25%	1.25%	1.27%	1.28%	1.27%
Ratio of expenses to average net assets	1.25%	1.25%	1.23%	1.25%	1.25%
Ratio of net investment income to average net assets before waiver	0.75%	0.64%	0.72%	0.99%	1.13%
Ratio of net investment income to average net assets	0.75%	0.64%	0.76%	1.02%	1.15%
Portfolio turnover rate	12.52%	15.79%	16.14%	25.53%	41.77%

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

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

Marathon Value Portfolio
Notes to the Financial Statements
October 31, 2012

NOTE 1. ORGANIZATION

Marathon Value Portfolio (the "Fund") was organized as a diversified series of Unified Series Trust (the "Trust") on December 18, 2002. The Trust is an open-end investment company established under the laws of Ohio by an Agreement and Declaration of Trust dated October 17, 2002 (the "Trust Agreement"). On January 3, 2003, the Fund acquired all of the assets and liabilities of the Marathon Value Portfolio, a series of the AmeriPrime Funds (the "Predecessor Fund") in a tax-free reorganization. The Predecessor Fund commenced operations on March 12, 1998. The Trust Agreement permits the Board of Trustees of the Trust (the "Board") to issue an unlimited number of shares of beneficial interest of separate series without par value. The Fund is one of a series of funds currently authorized by the Board. The Fund's investment objective is to provide long-term capital appreciation in a well-diversified portfolio. Since March 28, 2000, the Fund's advisor has been Spectrum Advisory Services, Inc. (the "Advisor").

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

As of and during the fiscal year ended October 31, 2012, the Fund did not have a liability for any unrecognized tax benefits. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statement of operations. During the year, the Fund did not incur any interest or penalties. The Fund is not subject to examination by U.S. federal tax authorities for tax years before 2008.

Expenses - Expenses incurred by the Trust that do not relate to a specific fund of the Trust are allocated to the individual funds based on each fund's relative net assets or other appropriate basis (as determined by the Board).

Security Transactions and Related Income - The Fund follows industry practice and records security transactions on the trade date. The first-in, first-out method is used for determining gains or losses for financial statements and income tax purposes. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are amortized or accreted using the effective interest method. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates. The ability of issuers of debt securities held by the Fund to meet their obligations may be affected by economic and political developments in a specific country or region.

Dividends and Distributions - The Fund intends to distribute substantially all of its net investment income as dividends to its shareholders on at least an annual basis. The Fund intends to distribute its net realized long-term capital gains and its net realized short-term capital gains at least once a year. Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The treatment for financial reporting purposes of distributions made to shareholders during the year from net investment income or net realized capital gains may differ from their ultimate treatment for federal income tax purposes. These differences are caused primarily by differences in the timing of the recognition of certain components of income, expenses or realized capital gain for federal income tax purposes. Where such differences are permanent in nature, they are reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations or net asset values per share of the Fund. There were no such material reclassifications for the year ended October 31, 2012.

NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS

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

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

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

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including, but not limited to, quoted prices for an identical security in an inactive market, quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining fair value of investments based on the best information available)

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

Equity securities, including common stock, real estate investment trusts, and preferred stocks, are generally valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Advisor believes such prices more accurately reflect the fair value of such securities. Securities that are traded on any stock exchange are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an exchange traded security is generally valued by the pricing service at its last bid price. Securities traded in the NASDAQ over-the-counter market are generally valued by the pricing service at the NASDAQ Official Closing Price. When using the market quotations or close prices provided by the pricing service and when the market is considered active, the security will be classified as a Level 1 security. Sometimes, an equity security owned by the Fund will be valued by the pricing service with factors other than market quotations or when the market is considered inactive. When this happens, the security will be classified as a Level 2 security. When market quotations are not readily available, when the Advisor determines that the market quotation or the price provided by the pricing service does not accurately reflect the current fair value, or when restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the Advisor, in conformity with guidelines adopted by and subject to review by the Board. These securities will be categorized as Level 3 securities.

Investments in mutual funds, including money market mutual funds, are generally priced at the ending net asset value (NAV) provided by the service agent of the fund. These securities will be categorized as Level 1 securities.

Fixed income securities, including corporate bonds, asset-backed securities, and collateralized mortgage obligations, will be categorized as Level 1 securities when valued using market quotations in an active market. However, they may be valued on the basis of prices furnished by a pricing service when the Advisor believes such prices more accurately reflect the fair value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. These securities will generally be categorized as Level 2 securities. Data used to establish quotes for mortgage-backed securities includes analysis of cash flows, pre-payment speeds, default rates delinquency assumptions and assumptions

NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS - continued

regarding collateral and loss assumptions. These securities will generally be categorized as Level 2 securities. If the Advisor decides that a price provided by the pricing service does not accurately reflect the fair value of the securities, when prices are not readily available from a pricing service, or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Advisor, in conformity with guidelines adopted by and subject to review of the Board. These securities will be categorized as Level 3 securities.

Short-term investments in fixed income securities, (those with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity) including commercial paper and cash equivalents, are valued by using the amortized cost method of valuation, which the Board has determined will represent fair value. These securities will be classified as Level 2 securities.

In accordance with the Trust's good faith pricing guidelines, the Advisor is required to consider all appropriate factors relevant to the value of securities for which it has determined other pricing sources are not available or reliable as described above. No single standard exists for determining fair value, because fair value depends upon the circumstances of each individual case. As a general principle, the current fair value of an issue of securities being valued by the Advisor would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. Methods which are in accordance with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market of a similar freely traded security (including a derivative security or a basket of securities traded on other markets, exchanges or among dealers); or (iii) yield to maturity with respect to debt issues, or a combination of these and other methods. Good faith pricing is permitted if, in the Advisor's opinion, the validity of market quotations appears to be questionable based on factors such as evidence of a thin market in the security based on a small number of quotations, a significant event occurs after the close of a market but before a Fund's NAV calculation that may affect a security's value, or the Advisor is aware of any other data that calls into question the reliability of market quotations. Good faith pricing may also be used in instances when the bonds the Fund invests in may default or otherwise cease to have market quotations readily available.

The following is a summary of the inputs used to value the Fund's investments as of October 31, 2012:

	Valuation Inputs			
Assets	**Level 1 - Quoted Prices in Active Markets**	**Level 2 - Other Significant Observable Inputs**	**Level 3 - Significant Unobservable Inputs**	**Total**
Common Stocks*	$ 40,660,324	$ -	$ -	$ 40,660,324
Real Estate Investment Trusts	1,146,206	-	-	1,146,206
Preferred Stock	420,600	-	-	420,600
Corporate Bonds	-	4,015,819	** 0	4,015,819
Money Market Securities	4,084,732	-	-	4,084,732
Total	$ 46,311,862	$ 4,015,819	$ -	$ 50,327,681

* Refer to Schedule of Investments for industry classifications

** The Fund held a Mississippi Chemical Corp. corporate bond during the entire reporting period. The bond was fair valued at $0 during the entire period, and is classified as a Level 3 security. There was no activity related to this security during the year, nor did the Fund purchase, sell, or hold any other Level 3 securities during the period. Therefore, no reconciliation of Level 3 securities is included for this reporting period. The Fund did not hold any derivative instruments during the reporting period. During the fiscal year ended October 31, 2012, there were no transfers between levels. The Fund recognizes transfers between fair value hierarchy levels at the end of the reporting period.

NOTE 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES

Under the terms of the management agreement (the "Agreement"), the Advisor has agreed to provide investment advisory services to the Fund, and to pay most operating expenses of the Fund, in return for a "universal fee." The Agreement states that the Fund, not the Advisor, is obligated to pay the following expenses: brokerage fees and commissions, taxes, borrowing costs (such as (a) interest and (b) dividend expenses on securities sold short), fees and expenses of independent trustees and officers, and extraordinary or nonrecurring expenses. The Agreement does not require the Advisor to pay indirect expenses incurred by the Fund, such as fees and expenses of other investment companies in which the Fund may invest. As compensation for its management services and agreement to pay the Fund's expenses, the Fund is obligated to pay the Advisor a fee computed and accrued daily and paid monthly at an annual rate of 1.25% of the average daily net assets of the Fund. It should be noted that most investment companies pay their own operating expenses directly, while the Advisor pays the Fund's expenses, except those specified above. For the fiscal year ended October 31, 2012, the Advisor earned fees of $583,729 from the Fund.

The Advisor has contractually agreed to waive and/or reimburse the Fund for certain fees and expenses, but only to the extent necessary to maintain the Fund's total annual operating expenses, except brokerage fees and commissions, borrowing costs (such as interest and dividend expenses on securities sold short), taxes, any indirect expenses such as expenses incurred by other investment companies in which the Fund may invest and extraordinary litigation expenses, at 1.25% of average daily net assets through February 28, 2013. Any waiver or reimbursement by the Adviser is subject to repayment by the Fund in the three fiscal years following the fiscal year in which the particular waiver or reimbursement occurred; provided that the Fund is able to make the repayment without exceeding the above expense limitation. At October 31, 2012, the Advisor was owed $105,978 for its advisory services and no fees were waived during the year.

The amounts subject to repayment by the Fund, pursuant to the aforementioned conditions, at October 31, 2012 are as follows:

Amount	October 31,
$6,101	2013

The Trust retains Huntington Asset Services, Inc. ("HASI") to manage the Fund's business affairs and provide the Fund with administrative services, fund accounting and transfer agency services, including all regulatory reporting and necessary office equipment and personnel. The Adviser paid all administrative, transfer agency, and fund accounting fees on behalf of the Fund per the Agreement. Certain officers of the Trust are members of management and/or employees of HASI. HASI operates as a wholly-owned subsidiary of Huntington Bancshares, Inc., the parent company of the Distributor and Huntington National Bank, the custodian of the Fund's investments (the "Custodian"). A Trustee of the Trust is a member of management of the Custodian.

Unified Financial Securities, Inc. (the "Distributor") acts as the principal distributor of the Fund. There were no payments made to the Distributor by the Fund for the fiscal year ended October 31, 2012. A Trustee of the Trust is a member of management of Huntington National Bank, a subsidiary of Huntington Bancshares, Inc. (the parent of the Distributor) and officers of the Trust are officers of the Distributor and such persons may be deemed to be affiliates of the Distributor.

NOTE 5. INVESTMENT TRANSACTIONS

For the fiscal year ended October 31, 2012, purchases and sales of investment securities, other than short-term investments were as follows:

	Amount
Purchases	
U.S. Government Obligations	$ -
Other	7,097,266
Sales	
U.S. Government Obligations	$ -
Other	5,210,311

At October 31, 2012, the net unrealized appreciation (depreciation) of investments for tax purposes was as follows:

	Amount
Gross Appreciation	$ 13,573,775
Gross (Depreciation)	(824,522)
Net Appreciation (Depreciation) on Investments	$ 12,749,253

At October 31, 2012, the aggregate cost of securities for federal income tax purposes was $37,578,428**.**

NOTE 6. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

NOTE 7. BENEFICIAL OWNERSHIP

The beneficial ownership, either directly or indirectly, of 25% or more of the outstanding shares of a fund creates a presumption of control of the Fund, under Section 2(a)(9) of the Investment Company Act of 1940. As of October 31, 2012, Charles Schwab & Co. held, in an omnibus account for the benefit of others, 73.14% of the Fund's shares. As a result, Charles Schwab & Co. may be deemed to control the Fund.

NOTE 8. DISTRIBUTIONS TO SHAREHOLDERS

On December 28, 2012, the Fund paid an income distribution of $0.1424 per share to shareholders of record on December 27, 2012. On December 28, 2012, the Fund paid a long-term capital gain distribution of $0.1446 per share to shareholders on December 27, 2012.

On December 28, 2011, the Fund paid an income distribution of $0.1102 per share to shareholders of record on December 27, 2011. On December 28, 2011, the Fund paid a long-term capital gain distribution of $ 0.3341 per share to shareholders on December 27, 2011.

NOTE 8. DISTRIBUTIONS TO SHAREHOLDERS - continued

The tax character of distributions paid during the fiscal years 2012 and 2011 were as follows:

	2012	2011
Ordinary income	$ 273,592	$ 248,945
Long-term Capital Gain	847,973	-
	$ 1,121,565	$ 248,945

At October 31, 2012, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

Undistributed ordinary income	$ 283,772
Long-term capital gains	385,219
Unrealized appreciation	12,749,253
	$ 13,418,244

As of October 31, 2012, the difference between book basis and tax basis unrealized appreciation (depreciation) is primarily attributable to the tax deferral of losses on wash sales and the treatment of income earned from underlying securities.

Cohen Fund Audit Services

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Trustees
Marathon Value Portfolio
(Unified Series Trust)

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Marathon Value Portfolio (the "Fund"), a series of the Unified Series Trust, as of October 31, 2012, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2012, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Marathon Value Portfolio as of October 31, 2012, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Cohen Fund Audit Services

COHEN FUND AUDIT SERVICES, LTD.
Cleveland, Ohio
December 31, 2012

TRUSTEES AND OFFICERS - (Unaudited)

The Board of Trustees supervises the business activities of the Trust. Each Trustee serves as a trustee until termination of the Trust unless the Trustee dies, resigns, retires or is removed.

The following tables provide information regarding the Trustees and Officers.

Independent Trustees

Name, Address*, (Age), Position with Trust**, Term of Position with Trust	Principal Occupation During Past 5 Years and Other Directorships
Gary E. Hippenstiel (Age – 65) Chairman of the Audit and Pricing Committees Independent Trustee, December 2002 to present	President and founder of Hippenstiel Investment Counsel LLC, a registered investment advisor, since November 2008; Director, Vice President and Chief Investment Officer of Legacy Trust Company, N.A. from September 1991 to September 2008; Chairman of the Investment Committee for W.H. Donner Foundation and Donner Canadian Foundation from June 2005 to September 2011; Chairman of Investment Committee for the Diana Davis Spencer Foundation since October 2011; Chairman and Founder, Constitution Education Foundation since February 2011.
Stephen A. Little (Age - 65) Chairman, December 2004 to present; Independent Trustee, December 2002 to present	President and founder of The Rose, Inc., a registered investment advisor, since April 1993.
Daniel J. Condon (Age - 61) Independent Trustee, December 2002 to present	CEO of Standard Steel, LLC since August 2011; Director Steel Wheels Acquisition Corp. since August 2011; Director Standard Steel, Inc. since August 2011; President and CEO of International Crankshaft Inc., an automotive supply manufacturing company, from 2004 to August 2011; Director International Crankshaft, Inc. since 2004; Chairman, SMI Crankshaft LLC, an automotive and truck supplier, from July 2010 to August 2011.
Ronald C. Tritschler (Age - 60) Independent Trustee, January 2007 to present; Interested Trustee, December 2002 to December 2006	Chief Executive Officer, Director and Legal Counsel of The Webb Companies, a national real estate company, since 2001; Director of First State Financial since 1998; Director, Vice President and Legal Counsel of The Traxx Companies, an owner and operator of convenience stores, since 1989; Chairman, Bluegrass Tomorrow, nonprofit organization.
Kenneth G.Y. Grant (Age – 63) Independent Trustee, May 2008 to present	Senior Vice President and Chief Officer , Corporate Development for Global Trust Company since 2008, Advisors Charitable Gift Fund since May 2005, Northeast Retirement Services, Inc. since February 2003 and Savings Banks Employees Retirement Association since February 2003; Director, Lift Up Africa since 2008; Chair Investment Committee since January 2011 and past Chair, Board of Directors of Massachusetts Council of Churches; Member, Presbytery of Boston, Presbyterian Church (U.S.A.) since June 1975.

* The address for each trustee is 2960 N. Meridian St., Suite 300, Indianapolis, IN 46208.

** The Trust currently consists of 23 series.

Interested Trustees & Officers

Name, Address*, (Age), Position with Trust,** Term of Position with Trust	Principal Occupation During Past 5 Years and Other Directorships
Nancy V. Kelly (Age - 56)*** Trustee, November 2007 to present	Executive Vice President of Huntington National Bank, the Trust's custodian, since December 2001; Director, Greenlawn Cemetery since October 2007; Director, Directions for Youth and Families, a social service agency, since August 2006.
John C. Swhear (Age - 51) Interim President, March 2012 to present Senior Vice President, May 2007 to present	Vice President of Legal Administration and Compliance for Huntington Asset Services, Inc., the Trust's administrator, since April 2007; Chief Compliance Officer and Vice President of Valued Advisers Trust since August 2008; Chief Compliance Officer of Unified Financial Securities, Inc., the Trust's distributor, since May 2007; Secretary of Huntington Funds since April 2010; President and Chief Executive Officer of Dreman Contrarian Funds, March 2010 to March 2011; Vice President and Acting Chief Executive Officer of Dreman Contrarian Funds, 2007 to March 2010; Employed in various positions with American United Life Insurance Company from June 1983 to April 2007, including: Associate General Counsel, April 2007; Investment Adviser Chief Compliance Officer, June 2004 to April 2007; Assistant Secretary to the Board of Directors, December 2002 to April 2007 and Chief Compliance Officer of OneAmerica Funds, Inc., June 2004 to April 2007; Chief Counsel, OneAmerica Securities Inc., February 2007 to April 2007; Secretary, OneAmerica Securities, Inc., December 2002 to April 2007.

Robert W. Silva (Age - 45) Treasurer and Chief Financial Officer, June 2011 to present	Senior Vice President, Fund Administration for Huntington Asset Services, Inc., the Trust's administrator, since October 2011, Vice President from September 2010 to October 2011; Treasurer of Huntington Funds since November 2010; Chief Financial Officer and Treasurer of The Huntington Strategy Shares since November 2010; Treasurer and Chief Financial Officer of Dreman Contrarian Funds since March 2011; Senior Vice President of Citi Fund Services Ohio, Inc. from September 2007 to September 2010; Assistant Vice President of Citizens Advisers, Inc. from May 2002 to August 2007.
Lynn E. Wood (Age - 65) Chief Compliance Officer, October 2004 to present	Chief Compliance Officer of Unified Series Trust, since October 2004.
Tara Pierson (Age - 36) Secretary, May 2010 to present	Employed by Huntington Asset Services, Inc., the Trust's Administrator, since February, 2000; Assistant Secretary of Dividend Growth Trust from March 2006 to February 2012. Assistant Secretary of the Trust from November 2008 to May 2010.

* The address for each trustees and officer is 2960 N. Meridian St., Suite 300, Indianapolis, IN 46208.
** The Trust currently consists of 23 series.
*** Ms. Kelly is deemed an interested trustee because she is an officer of an entity that is under common control with Unified Financial Securities, Inc., the Distributor, as of October 31, 2012.

OTHER INFORMATION

The Fund's Statement of Additional Information ("SAI") includes additional information about the trustees and is available without charge, upon request. You may call toll-free at 1-800-788-6086 to request a copy of the SAI or to make shareholder inquiries.

MANAGEMENT AGREEMENT RENEWAL (Unaudited)

Marathon Value Portfolio (the "Fund") is a series of Unified Series Trust (the "Trust"). The Trust's Board of Trustees oversees the management of the Fund and, as required by law, determines annually whether to approve the continuance of the Fund's management agreement with its investment adviser, Spectrum Advisory Services Inc. ("Spectrum").

The Board of Trustees, including the Trustees who are not "interested persons" (as that term is defined in the Investment Company Act of 1940, as amended) of the Trust or Spectrum ("Independent Trustees"), with the assistance of the Board's Advisory Contract Renewal Committee consisting of all of the Trustees (the "Committee"), requests and evaluates all information that the Trustees deem reasonably necessary under the circumstances in connection with this annual contract review.

The Committee convened on October 17, 2012 via teleconference to consider the renewal of the management agreement between the Trust and Spectrum on behalf of the Fund. All Trustees were present. In advance of the Committee meeting, each Trustee received and reviewed materials compiled by Huntington Asset Services, Inc., the Trust's administrator (the "Administrator"). The materials provided to each Trustee in advance of the Committee meeting included the following information: (i) copies of the Fund's management agreement and expense cap side letter; (ii) a letter sent by the Administrator on behalf of the Board to Spectrum requesting information that the Trustees likely would consider in determining whether to renew the Fund's management agreement as required under Section 15(c) of the Investment Company Act of 1940, as amended, and Spectrum's responses, including, among other information, a description of Spectrum's services to the Fund, any changes in advisory personnel, an analysis of Spectrum's profitability from managing the Fund, a soft dollar report, and ideas for future growth for the Fund; (iii) a certification from the Trust's Chief Compliance Officer (the "Trust's CCO") that Spectrum has adopted a compliance program that appears to be reasonably designed to prevent violation of federal securities laws by the Fund; (iv) Spectrum's recent financial statements; (v) the Fund's Schedule of Investments as of July 31, 2012; (vi) a commentary prepared by the Fund's portfolio manager analyzing the Fund's recent performance; and (vii) reports prepared by the Administrator comparing the Fund's performance, advisory fees and expense ratios to those of its peer group and benchmark, as applicable. After discussing the materials, the Committee contacted certain executives and personnel at Spectrum, including Spectrum's Chief Compliance Officer, General Manager, and President, who also serves as the Fund's portfolio manager, and conducted an interview led by the Chairman of the Audit Committee of the Board.

At the Trustees' in-person meeting held on November 11 and 12, 2012, the Trustees, including the Independent Trustees, unanimously approved the continuance of the Fund's management agreement with Spectrum for an additional year. The Trustees' approval of the Fund's management agreement was based on a consideration of all the information provided to the Trustees, and was not the result of any single factor. Some of the factors that figured particularly in the Trustees' deliberations are listed below, although individual Trustees may have evaluated this information differently, ascribing different weights to various factors.

(i) The Nature, Extent and Quality of Services – The Trustees noted that Spectrum manages approximately $435 million. The Trustees considered Spectrum's responses regarding the resources provided to the Fund, and considered the adequacy of these resources in light of the desired growth in the level of Fund assets, and whether the resources are sufficient. The Trustees determined that Spectrum's resources appear adequate, and noted that Spectrum provides the Fund with an experienced portfolio manager to manage the Fund, as well as various administrative and professional staff, including three traders and a chief compliance officer. The Trustees noted that Spectrum was not proposing any changes to the level of services provided to the Fund.

The Trustees noted that various compliance reports had been provided by Spectrum and the Trust's CCO to the Board throughout the year. The Trustees considered the Trust's CCO's report that Spectrum had completed its annual review and assessment of its compliance program for 2012, and had noted no material compliance issues. The Trustees considered that the Trust's CCO confirmed that Spectrum's written compliance policies and procedures as adopted and implemented appear reasonably designed to prevent violation of federal securities laws.

(ii) Fund Performance – The Trustees discussed the Fund's performance and reviewed other materials provided by Spectrum and the Administrator with respect to such performance. The Trustees noted that the Fund outperformed the average return of its peer group for the one-, three-, five- and ten-year periods ended July 31, 2012. The Trustees considered that, while the Fund underperformed its benchmark, the S&P 500 Index, over the one- and three-year periods, it outperformed this benchmark over the longer five- and ten-year periods. The Trustees noted Spectrum's explanation that much of the reason that the Fund lagged its benchmark over recent periods is the result of its substantial positions in cash and fixed-income securities, which held back the Fund's performance as equities performed well. The Trustees also considered Spectrum's explanation that it cannot compare the Fund's performance to Spectrum's other accounts because Spectrum does not manage other accounts using the same strategy that it uses to manage the Fund. The Trustees noted that the Fund has a five-star Morningstar rating.

(iii) Fee Rates and Profitability – The Trustees noted that the Fund's net advisory fee was the highest among the funds in its peer group, but considered that this comparison may not be appropriate because, unlike most funds, the Fund pays a "universal fee," which includes most of the Fund's operating expenses. The Trustees noted that the Fund's total net expense ratio was only slightly higher than its peer group average. The Trustees also considered that Spectrum has agreed to cap the Fund's expenses through at least February 28, 2013.

The Trustees reviewed Spectrum's balance sheet as of July 31, 2012 and income statement for the period from January 2012 through July 2012. The Trustees considered Spectrum's profitability analysis, which showed that, whether or not Fund marketing and distribution expenses are taken into account, Spectrum was not realizing a profit and was losing money as a result of managing the Fund due to its small size and the amount of its operating expenses that are paid by Spectrum.

Finally, the Trustees noted Spectrum's explanation that it did not enter into soft-dollar transactions on behalf of the Fund and that the Fund paid no 12b-1 fees.

(iv) Economies of Scale – In determining the reasonableness of the advisory fees, the Trustees also considered whether economies of scale will be realized by Spectrum as the Fund grows larger, and the extent to which this is reflected in the advisory fees. The Trustees noted Spectrum's explanation that, while Fund assets have increased over the past year, Spectrum is not currently realizing a profit as a result of managing the Fund. Because of this, the Trustees determined that Spectrum has not yet begun to realize significant economies of scale as a result of managing the Fund.

After reviewing all of the foregoing, and based upon all of the above-mentioned factors and their related conclusions, the Trustees, including all of the Independent Trustees, unanimously determined that the advisory fee paid by the Fund is reasonable, based on the nature and quality of advisory services provided by Spectrum to the Fund, and unanimously voted to approve the continuation of the management agreement between the Trust and Spectrum on behalf of the Fund.

PROXY VOTING

A description of the policies and procedures that each Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how each Fund voted those proxies during the most recent twelve month period ended June 30 is available without charge upon request by (1) calling the Fund at (800) 788-6086 and (2) from Fund documents filed with the Securities and Exchange Commission ("SEC") on the SEC's website at www.sec.gov.

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PRIVACY POLICY

The following is a description of the Funds' policies regarding disclosure of nonpublic personal information that you provide to the Funds or that the Funds collect from other sources. In the event that you hold shares of the Funds through a broker-dealer or other financial intermediary, the privacy policy of your financial intermediary would govern how your nonpublic personal information would be shared with nonaffiliated third parties.

Categories of Information the Fund Collects. The Funds collect the following nonpublic personal information about you:

• Information the Funds receive from you on applications or other forms, correspondence, or conversations (such as your name, address, phone number, social security number, and date of birth); and

• Information about your transactions with the Funds, their affiliates, or others (such as your account number and balance, payment history, cost basis information, and other financial information).

Categories of Information the Fund Discloses. The Funds do not disclose any nonpublic personal information about their current or former shareholders to unaffiliated third parties, except as required or permitted by law. The Funds are permitted by law to disclose all of the information it collects, as described above, to service providers (such as the Funds' custodian, administrator, transfer agent, accountant and legal counsel) to process your transactions and otherwise provide services to you.

Confidentiality and Security. The Funds restrict access to your nonpublic personal information to those persons who require such information to provide products or services to you. The Funds maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

Disposal of Information. The Funds, through their transfer agent, have taken steps to reasonably ensure that the privacy of your nonpublic personal information is maintained at all times, including in connection with the disposal of information that is no longer required to be maintained by the Funds. Such steps shall include, whenever possible, shredding paper documents and records prior to disposal, requiring off-site storage vendors to shred documents maintained in such locations prior to disposal, and erasing and/or obliterating any data contained on electronic media in such a manner that the information can no longer be read or reconstructed.