

# 2019 BRUCE FUND, INC. ANNUAL REPORT

## Report to Shareholders

*June 30, 2019*

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports like this one may no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from the financial intermediary that services your shareholder account. Instead, the reports may be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may be eligible to elect to receive shareholder reports and other communications from the Fund or the financial intermediary that services your shareholder account electronically. If you would like to sign up for electronic delivery of shareholder communications, please contact the Fund or your financial intermediary for instructions.

You may elect to receive all future reports in paper free of charge. You can inform the Fund that you wish to continue receiving paper copies of your shareholder reports by calling Shareholder Services at (800) 872-7823. If you hold your account with a financial intermediary, you will need to contact that intermediary or follow instructions included with this document to continue receiving paper copies of shareholder reports. Your election to receive reports in paper will apply to all funds held with your financial intermediary.



## Management's Discussion and Analysis (Unaudited)

The Bruce Fund (the "Fund") shares produced a total return of 8.81% for the year ended June 30, 2019, compared to a total return of 10.42% for the S&P 500 Index for the same period. Stock markets improved during the year and the Fund's U.S. Treasury bonds and more defensive equities equally contributed to the Fund's gains and almost kept pace with the broader averages.

Central banks increasingly financing government deficits through money creation and manipulations ultimately raises the risk in the market to an unacceptable level. Stimulus from central banks have bolstered asset prices, and the preverbal "pushing on a string" might be near, where such stimulus will have ever diminishing effect on the economy.

Given the excessive debt levels, the geopolitical, economic and policy uncertainties, we feel caution is warranted. The high valuations for most asset classes along with modest growth could easily disappoint investment activity. We feel there is a higher than average risk for either an economic slowdown, banking or currency crisis, or China slowdown and a deflationary scenario is still possible, already evidenced in some declining commodity prices.

Management continues to screen investment opportunities for their long-term capital appreciation potential versus the risks that investment might present. The bonds as well as the stocks in the portfolio encompass significant investment risks, which are again outlined in the prospectus.

Shareholders are invited to use the toll-free number (800) 872-7823 to obtain any Fund information (including the proxy voting record), or can visit [www.thebrucefund.com](http://www.thebrucefund.com), to obtain the same.

# Investment Results (Unaudited)

## Average Annual Total Returns for the Periods Ended June 30, 2019

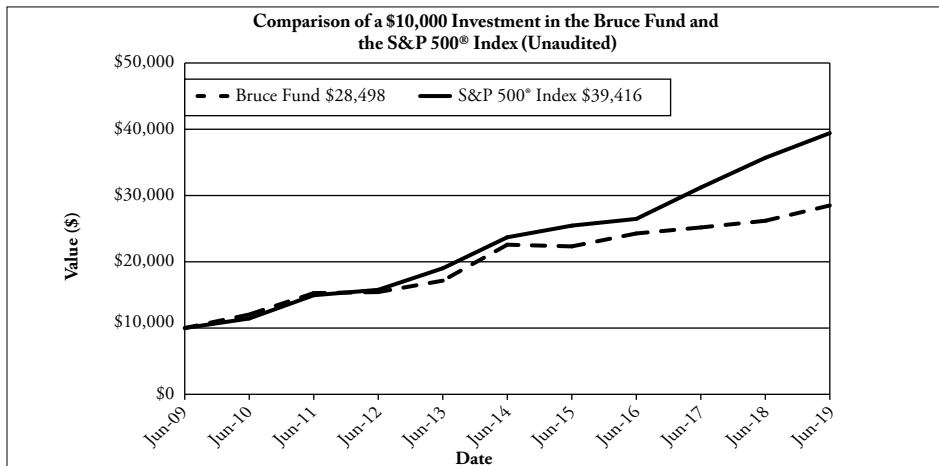
Fund/Index	1 Year	5 Year	10 Year
Bruce Fund	8.81%	4.77%	11.04%
S&P 500® Index*	10.42%	10.71%	14.70%

The net expense ratio as of the most recent prospectus dated October 29, 2018 was 0.69%, which represented the fiscal year ended June 30, 2018. Additional information pertaining to the Fund's expense ratios as of June 30, 2019 can be found in the financial highlights.

**The performance quoted represents past performance, which does not guarantee future results.** The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Current performance of the Fund may be lower or higher than the performance quoted. The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. Performance data current to the most recent month end may be obtained by calling 1-800-872-7823.

\* The S&P 500® Index (the "Index") is an unmanaged index that assumes reinvestment of all distributions and excludes the effect of taxes and fees. The Index is a widely recognized unmanaged index of equity prices and is representative of a broader market and range of securities than is found in the Fund's portfolio. Individuals cannot invest directly in the Index; however, an individual can invest in exchange-traded funds or other investment vehicles that attempt to track the performance of a benchmark index.

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

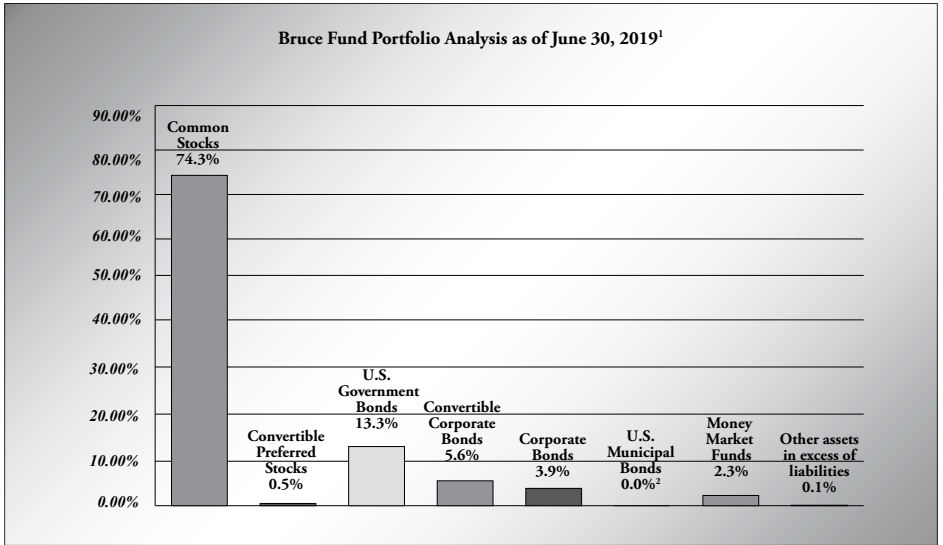


The chart above assumes an initial investment of \$10,000 made on June 30, 2009 and held through June 30, 2019. **THE FUND'S RETURN REPRESENTS PAST PERFORMANCE AND DOES NOT GUARANTEE FUTURE RESULTS.** The returns shown do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Investment returns and principal values will fluctuate so that your shares, when redeemed, may be worth more or less than their original purchase price.

**Current performance may be lower or higher than the performance data quoted. For more information on the Bruce Fund, and to obtain performance data current to the most recent month end, please call 1-800-872-7823. Investing in the Fund involves certain risks that are discussed in the Fund's prospectus. Please read the prospectus carefully before you invest or send money.**

The Fund is distributed by Unified Financial Securities, LLC, member FINRA/SIPC.

# Fund Holdings (Unaudited)



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

<sup>2</sup> Ratio rounds to less than 0.05%.

## Investment Objective

The investment objective of the Bruce Fund is long-term capital appreciation.

## Availability of Portfolio Schedule

This Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (“SEC”) for the first and third quarters of each fiscal year within sixty days after the end of the period. The Fund’s portfolio holdings are available at the SEC’s website at [www.sec.gov](http://www.sec.gov).

# Bruce Fund

## Schedule of Investments

June 30, 2019

	Shares/ Principal Amount	Fair Value
<b>COMMON STOCKS — 74.3%</b>		
<b>Communication Services — 1.5%</b>		
Actua Corporation <sup>(a)(b)(c)</sup>	130,000	\$ 130,000
Sirius XM Holdings, Inc.	1,357,843	<u>7,576,764</u>
		<u>7,706,764</u>
<b>Consumer Discretionary — 2.2%</b>		
General Motors Company	300,000	<u>11,559,000</u>
<b>Consumer Staples — 0.2%</b>		
Bunge Ltd. (Bermuda)	15,000	<u>835,650</u>
<b>Energy — 0.1%</b>		
Aspire Holdings, LLC. <sup>(a)(b)(c)</sup>	193,069	1,931
PetroQuest Energy, Inc. <sup>(a)(b)(c)</sup>	252,248	<u>504,496</u>
		<u>506,427</u>
<b>Financials — 5.4%</b>		
Allstate Corporation (The)	275,000	<u>27,964,750</u>
<b>Health Care — 21.6%</b>		
Abbott Laboratories	164,500	13,834,450
AbbVie, Inc.	164,500	11,962,440
Allergan p.l.c. (Ireland)	80,000	13,394,400
Bausch Health Companies, Inc. (Canada) <sup>(b)</sup>	800,000	20,176,000
EDAP TMS SA - ADR (France) <sup>(b)</sup>	733,094	1,986,685
Merck & Company, Inc.	300,000	25,155,000
Paratek Pharmaceuticals, Inc. <sup>(b)</sup>	266,552	1,063,542
Pfizer, Inc.	450,000	19,494,000
Prothena Corporation p.l.c. (Ireland) <sup>(b)</sup>	3,170	33,507
Supernus Pharmaceuticals, Inc. <sup>(b)</sup>	148,058	4,899,239
Xtant Medical Holdings, Inc. <sup>(b)</sup>	182,972	<u>548,916</u>
		<u>112,548,179</u>
<b>Industrials — 11.0%</b>		
AMERCO	130,000	49,211,500
General Electric Company	400,000	4,200,000
Insteel Industries, Inc.	190,000	<u>3,955,800</u>
		<u>57,367,300</u>
<b>Information Technology — 5.7%</b>		
Apple, Inc.	80,000	15,833,600
International Business Machines Corporation	100,000	<u>13,790,000</u>
		<u>29,623,600</u>

# Bruce Fund

## Schedule of Investments (continued)

June 30, 2019

	Shares/ Principal Amount	Fair Value
<b>COMMON STOCKS — (continued)</b>		
<b>Materials — 3.0%</b>		
Ashland Global Holdings, Inc.	25,000	\$ 1,999,251
Compass Minerals International, Inc.	140,000	7,693,000
Florek Industries, Inc. <sup>(b)</sup>	590,671	1,955,121
Newmont Goldcorp Corporation	65,600	2,523,632
Solitario Exploration & Royalty Corporation <sup>(b)</sup>	199,270	63,826
Valvoline, Inc.	68,633	1,340,402
		<u>15,575,232</u>
<b>Utilities — 23.6%</b>		
Avista Corporation	200,000	8,920,000
CMS Energy Corporation	450,000	26,059,500
Duke Energy Corporation	300,000	26,472,000
NextEra Energy, Inc.	175,000	35,850,500
WEC Energy Group, Inc.	22,560	1,880,827
Xcel Energy, Inc.	400,000	23,796,000
		<u>122,978,827</u>
<i>Total Common Stocks (Cost \$227,362,844)</i>		<u>386,665,729</u>
<b>CONVERTIBLE PREFERRED STOCKS — 0.5%</b>		
<b>Consumer Staples — 0.5%</b>		
Bunge Ltd. (Bermuda), 4.88%	27,400	2,712,600
<i>Total Convertible Preferred Stocks (Cost \$2,864,600)</i>		<u>2,712,600</u>
<b>U.S. GOVERNMENT BONDS — 13.3%</b>		
U.S. Treasury “Strips”, 0.00%, 8/15/2028	\$30,000,000	25,088,529
U.S. Treasury “Strips”, 0.00%, 8/15/2029	30,000,000	24,506,800
U.S. Treasury “Strips”, 0.00%, 2/15/2036	20,000,000	13,865,051
U.S. Treasury “Strips”, 0.00%, 2/15/2041	10,000,000	5,909,305
<i>Total U.S. Government Bonds (Cost \$51,749,585)</i>		<u>69,369,685</u>
<b>CONVERTIBLE CORPORATE BONDS — 5.6%</b>		
<b>Health Care — 5.2%</b>		
Inotek Pharmaceuticals Corporation, 5.75%, 8/1/2021	2,000,000	2,024,516
MannKind Corporation, 5.75%, 10/23/2021 <sup>(a)(c)</sup>	18,690,000	13,643,700
Novavax, Inc., 3.75%, 2/1/2023	3,000,000	1,210,500
Paratek Pharmaceuticals, Inc., 4.75%, 5/1/2024	15,000,000	10,237,500
Synergy Pharmaceuticals, Inc., 7.50%, 11/1/2019 <sup>(c)(d)(e)</sup>	1,500,000	15,000
		<u>27,131,216</u>

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

# Bruce Fund

## Schedule of Investments (continued)

June 30, 2019

	Shares/ Principal Amount	Fair Value
<b>CONVERTIBLE CORPORATE BONDS — (continued)</b>		
<b>Industrials — 0.4%</b>		
Team, Inc., 5.00%, 8/1/2023 <sup>(d)</sup>	\$2,000,000	\$ 2,043,200
<i>Total Convertible Corporate Bonds (Cost \$39,420,015)</i>		<u>29,174,416</u>
<b>CORPORATE BONDS — 3.9%</b>		
<b>Consumer Discretionary — 0.3%</b>		
Land O'Lakes Capital Trust I, 7.45%, 3/15/2028 <sup>(d)</sup>	1,500,000	<u>1,668,750</u>
<b>Energy — 0.6%</b>		
ONEOK, Inc., 6.00%, 6/15/2035	1,000,000	1,139,497
PetroQuest Energy, Inc., 10.00%, 2/15/2024 <sup>(a)(f)</sup>	2,267,399	<u>1,983,974</u>
		<u>3,123,471</u>
<b>Financials — 0.8%</b>		
Security Benefit Life Insurance Company, 7.45%, 10/1/2033 <sup>(d)</sup>	3,000,000	<u>3,882,070</u>
<b>Health Care — 1.2%</b>		
Valeant Pharmaceuticals International, Inc. (Canada), 6.13%, 4/15/2025 <sup>(d)</sup>	6,000,000	<u>6,142,320</u>
<b>Utilities — 1.0%</b>		
Constellation Energy Group, Inc., 7.60%, 4/1/2032	4,000,000	<u>5,420,698</u>
<i>Total Corporate Bonds (Cost \$15,751,090)</i>		<u>20,237,309</u>
<b>U.S. MUNICIPAL BONDS — 0.0%</b>		
Indianapolis Airport Authority, 6.50%, 11/15/2031 <sup>(a)(b)(c)</sup>	972,551	<u>292</u>
<i>Total U.S. Municipal Bonds (Cost \$162,383)</i>		<u>292</u>



# Bruce Fund

## Schedule of Investments (continued)

June 30, 2019

	Shares/ Principal Amount	Fair Value
<b>MONEY MARKET FUNDS — 2.3%</b>		
Morgan Stanley Institutional Liquidity Government Portfolio, Institutional Class, 2.25% <sup>(e)</sup>	11,796,571	<u>\$ 11,796,571</u>
<i>Total Money Market Funds (Cost \$11,796,571)</i>		<u>11,796,571</u>
<i>Total Investments — 99.9% (Cost \$349,107,088)</i>		<u>519,956,602</u>
<i>Other Assets in Excess of Liabilities — 0.1%</i>		<u>619,944</u>
<b>NET ASSETS — 100.0%</b>		<u><b>\$ 520,576,546</b></u>

(a) Illiquid security.

(b) Non-income producing security.

(c) Security is currently being valued according to the fair value procedures approved by the Board of Directors.

(d) Security exempt from registration under Rule 144A or Section 4(2) of the Securities Act of 1933. The security may be resold in transactions exempt from registration, normally to qualified institutional buyers.

(e) In default.

(f) Payment-in-kind security which may pay interest in additional principal.

(g) Rate disclosed is the seven day effective yield as of June 30, 2019.

ADR – American Depositary Receipt

The sectors shown on the schedule of investments are based on the Global Industry Classification Standard, or GICS® (“GICS”). The GICS was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor’s Financial Services LLC (“S&P”). GICS is a service mark of MSCI, Inc. and S&P and has been licensed for use by Ultimus Fund Solutions, LLC.

# Bruce Fund

## Statement of Assets and Liabilities

June 30, 2019

<b>Assets</b>	
Investments in securities, at market value (cost \$349,107,088)	\$ 519,956,602
Dividends and interest receivable	1,474,768
Prepaid expenses	20,683
<b>Total Assets</b>	<b>521,452,053</b>
<b>Liabilities</b>	
Payable for fund shares redeemed	547,477
Accrued investment advisory fees	224,474
Payable to Administrator	41,536
Other accrued expenses	62,020
<b>Total Liabilities</b>	<b>875,507</b>
<b>Net Assets</b>	<b>\$ 520,576,546</b>
<b>Net Assets consist of</b>	
Capital stock (937,978 shares of \$1 par value capital stock issued and outstanding)	\$ 937,978
Paid-in capital	350,183,216
Accumulated earnings	169,455,352
<b>Net Assets</b>	<b>\$ 520,576,546</b>
<b>Shares outstanding: 2,000,000 shares authorized</b>	<b>937,978</b>
<b>Net asset value, offering and redemption price per share</b>	<b>\$ 555.00</b>

# Bruce Fund

## Statement of Operations

For the Year Ended June 30, 2019

<b>Investment Income</b>	
Dividend income (net of foreign taxes withheld of \$1,800)	\$ 9,129,882
Interest income	5,054,442
<b>Total investment income</b>	<b>14,184,324</b>
<b>Expenses</b>	
Investment advisory	2,752,273
Administration	263,065
Transfer agent	149,074
Fund accounting	96,536
Audit and tax preparation	59,355
Custodian	43,385
Printing	32,859
Registration	28,622
Postage	24,980
Director	4,000
Insurance	996
Other	5,509
<b>Net operating expenses</b>	<b>3,460,654</b>
<b>Net investment income</b>	<b>10,723,670</b>
<b>Net Realized and Change in Unrealized Gain (Loss) on Investments</b>	
Net realized loss on investment securities	(1,163,647)
Change in unrealized appreciation on investment securities	33,748,505
<b>Net realized and change in unrealized gain on investments</b>	<b>32,584,858</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$ 43,308,528</b>

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

# Bruce Fund

## Statements of Changes in Net Assets

	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018 <sup>(a)</sup>
<b>Increase (Decrease) in Net Assets due to:</b>		
<b>Operations</b>		
Net investment income	\$ 10,723,670	\$ 12,983,848
Net realized loss on investment securities	(1,163,647)	(164,684)
Net change in unrealized appreciation of investment securities	33,748,505	9,274,428
Net increase in net assets resulting from operations	43,308,528	22,093,592
<b>Distributions to Shareholders from</b>		
Earnings	(11,819,986)	(22,842,903)
<b>Total distributions</b>	(11,819,986)	(22,842,903)
<b>Capital Transactions</b>		
Proceeds from shares sold	13,578,418	12,768,006
Reinvestment of distributions	11,014,714	21,234,867
Amount paid for shares redeemed	(69,463,403)	(74,498,374)
<b>Net decrease in net assets resulting from capital transactions</b>	(44,870,271)	(40,495,501)
<b>Total Decrease in Net Assets</b>	(13,381,729)	(41,244,812)
<b>Net Assets</b>		
Beginning of year	533,958,275	575,203,087
<b>End of year</b>	<b>\$ 520,576,546</b>	<b>\$ 533,958,275</b>
<b>Share Transactions</b>		
Shares sold	25,337	24,260
Shares issued in reinvestment of distributions	21,961	40,110
Shares redeemed	(131,178)	(142,522)
<b>Net decrease in shares outstanding</b>	(83,880)	(78,152)

<sup>(a)</sup> For the year ended June 30, 2018, distributions to shareholders from earnings consisted of \$12,365,017 from net investment income and \$10,477,886 from net realized gains. As of June 30, 2018, accumulated net investment income was \$6,179,127.

# Bruce Fund

## Financial Highlights

Selected data for each share of capital stock outstanding through each year is presented below

	<b>For the Year Ended June 30,</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Selected Per Share Data</b>					
<b>Net asset value, beginning of year</b>	<u>\$ 522.54</u>	<u>\$ 522.91</u>	<u>\$ 535.76</u>	<u>\$ 515.63</u>	<u>\$ 537.94</u>
Investment operations:					
Net investment income	11.64	12.71	10.67	9.92	6.66
Net realized and unrealized gain (loss)	<u>33.09</u>	<u>8.52</u>	<u>6.89</u>	<u>33.18</u>	<u>(13.08)</u>
Total from investment operations	<u>44.73</u>	<u>21.23</u>	<u>17.56</u>	<u>43.10</u>	<u>(6.42)</u>
Less distributions to shareholders from:					
Net investment income	(12.27)	(11.69)	(10.08)	(8.45)	(8.81)
Net realized gains	<u>—</u>	<u>(9.91)</u>	<u>(20.33)</u>	<u>(14.52)</u>	<u>(7.08)</u>
Total distributions	<u>(12.27)</u>	<u>(21.60)</u>	<u>(30.41)</u>	<u>(22.97)</u>	<u>(15.89)</u>
<b>Net asset value, end of year</b>	<u>\$ 555.00</u>	<u>\$ 522.54</u>	<u>\$ 522.91</u>	<u>\$ 535.76</u>	<u>\$ 515.63</u>
<b>Total Return<sup>(a)</sup></b>	8.81%	4.01%	3.74%	8.73%	(1.13)%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of year (\$ millions)	\$ 520.58	\$ 533.96	\$ 575.20	\$ 594.78	\$ 545.30
Ratio of expenses to average net assets	0.67%	0.67%	0.67%	0.67%	0.68%
Ratio of net investment income to average net assets	2.08%	2.31%	2.04%	1.94%	1.30%
Portfolio turnover rate	7%	20%	5%	26%	14%

<sup>(a)</sup> Total return represents the rate that the investor would have earned or lost on an investment in the Fund, assuming reinvestment of distributions.

# Bruce Fund

## Notes to the Financial Statements

June 30, 2019

### NOTE A – ORGANIZATION

Bruce Fund, Inc. (the “Fund”) is a Maryland corporation incorporated on June 20, 1967. The Fund is an open end diversified management investment company and the Fund’s primary investment objective is long-term capital appreciation. The investment adviser to the Fund is Bruce and Co., Inc. (the “Adviser”).

### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Preparation** – The Fund is an investment company and follows accounting and reporting guidance under Financial Accounting Standards Board Accounting Standards Codification (“ASC”) Topic 946, “Financial Services-Investment Companies”. The following is a summary of significant accounting policies followed by the Fund in preparation of its financial statements. These policies are in conformity with the generally accepted accounting principles in the United States of America (“GAAP”).

**Estimates** – The preparation of financial statements in conformity with GAAP 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.

**Securities Valuation** – All investments in securities are recorded at their fair value as described in Note C.

**Federal Income Taxes** – The Fund makes no provision for federal income or excise tax. The Fund has qualified and 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 June 30, 2019, the Fund did not have a liability for any unrecognized tax benefits. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statement of operations. During the period, the Fund did not incur any interest or penalties.

**Security Transactions and Related Income** – Investment transactions are accounted for no later than the first calculation of the Net Asset Value (“NAV”) on the business day following the trade date. For financial reporting purposes, however, security transactions are accounted for on the trade date on the last business day of the reporting period. The specific identification method is used for determining gains or losses for financial statements and income tax purposes. Dividend income is recorded on the ex-dividend date and interest

# Bruce Fund

## Notes to the Financial Statements (continued)

June 30, 2019

income is recorded on an accrual basis. Discounts and premiums on securities purchased are accreted or amortized 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 development in specific country or region.

**Distributions** – Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The Fund intends to distribute substantially all of its net investment income as dividends and distributions 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. 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.

For the fiscal year ended June 30, 2019, the Fund made the following reclassifications to increase (decrease) the components of net assets:

<u>Paid-in Capital</u>	<u>Accumulated Earnings</u>
\$178,434	\$(178,434)

### NOTE C – SUMMARY OF SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS

In accordance with Accounting Standards Codification 820, "Fair Value Measurements and Disclosures" ("ASC 820"), fair value is defined as the price that the 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. ASC 820 established a three-tier hierarchy to maximize the use of the observable market data and minimize the use of unobservable inputs and to establish classification of the 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 (the risk inherent in a particular valuation technique used to measure fair value such as 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

# **Bruce Fund**

## **Notes to the Financial Statements (continued)**

*June 30, 2019*

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. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – unadjusted quoted prices in active markets for identical investments and/or registered investment companies where the value per share is determined and published and is the basis for current transactions for identical assets or liabilities at the valuation date
- 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 stocks, convertible preferred stocks, and American Depositary Receipts (ADR's), are generally valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices 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 Adviser determines that the market quotation or the price provided by the pricing service does not accurately reflect the current fair value, or when restricted or illiquid securities are being valued, such securities are valued as determined by the Adviser, in conformity with guidelines adopted by and subject to review by the Board of Directors (the "Board"). These securities are generally categorized as Level 3 securities.

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



# Bruce Fund

## Notes to the Financial Statements (continued)

June 30, 2019

Fixed income securities, including corporate bonds, convertible corporate bonds, U.S. government bonds, and U.S. municipal bonds are valued using market quotations in an active market, will be categorized as Level 2 securities. However, they may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices more accurately reflect the fair value of such securities. A pricing service uses various inputs and techniques, which include broker-dealer quotations, live trading levels, recently executed transactions in securities of the issuer or comparable issuers, and option adjusted spread models that include base curve and spread curve inputs. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the fixed income securities are categorized as Level 2 securities. If the Adviser 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 Adviser, in conformity with guidelines adopted by and subject to review of the Board. These securities are generally categorized as Level 3 securities.

The following is a summary of the inputs used to value the Fund's investments as of June 30, 2019, based on the three levels defined previously:

	Level 1	Level 2	Level 3	Total
<b>Common Stocks</b>				
Communication Services	\$ 7,576,764	\$ —	\$ 130,000	\$ 7,706,764
Consumer Discretionary	11,559,000	—	—	11,559,000
Consumer Staples	835,650	—	—	835,650
Energy	—	—	506,427	506,427
Financials	27,964,750	—	—	27,964,750
Health Care	112,548,179	—	—	112,548,179
Industrials	57,367,300	—	—	57,367,300
Information Technology	29,623,600	—	—	29,623,600
Materials	15,575,232	—	—	15,575,232
Utilities	122,978,827	—	—	122,978,827
<b>Convertible Preferred Stocks</b>				
Consumer Staples	2,712,600	—	—	2,712,600
<b>U.S. Government Bonds</b>				
U.S. Treasury Strips	—	69,369,685	—	69,369,685
<b>Convertible Corporate Bonds</b>				
Health Care	—	13,472,516	13,658,700	27,131,216
Industrials	—	2,043,200	—	2,043,200

# Bruce Fund

## Notes to the Financial Statements (continued)

June 30, 2019

	Level 1	Level 2	Level 3	Total
Corporate Bonds				
Consumer Discretionary	\$ —	\$ 1,668,750	\$ —	\$ 1,668,750
Energy	—	3,123,471	—	3,123,471
Financials	—	3,882,070	—	3,882,070
Health Care	—	6,142,320	—	6,142,320
Utilities	—	5,420,698	—	5,420,698
U.S. Municipal Bonds	—	292	—	292
Money Market Funds	11,796,571	—	—	11,796,571
<b>Total</b>	<b>\$ 400,538,473</b>	<b>\$ 105,123,002</b>	<b>\$ 14,295,127</b>	<b>\$ 519,956,602</b>

In the absence of a listed price quote, or a supplied price quote which is deemed to be unrepresentative of the actual market price, the Adviser shall use any or all of the following criteria to value Level 3 securities:

- Last sales price
- Price given by pricing service
- Last quoted bid & asked price
- Third party bid & asked price
- Indicated opening range

The significant unobservable inputs that may be used in the fair value measurement of the Fund's investments in common stock, corporate bonds and convertible corporate bonds for which market quotations are not readily available include: broker quotes, discounts from the most recent trade or "stale price" and estimates from trustees (in bankruptcies) on disbursements. A change in the assumption used for each of the inputs listed above may indicate a directionally similar change in the fair value of the investment.

# Bruce Fund

## Notes to the Financial Statements (continued)

June 30, 2019

The following provides quantitative information about the Fund's significant Level 3 fair value measurements as of June 30, 2019:

### Quantitative Information about Significant Level 3 Fair Value Measurements

Asset Category	Fair Value At June 30, 2019	Valuation Techniques	Unobservable Input(s)	Range
Common Stocks	\$ 506,427	Adjusted Broker Quotes	Non-Binding Broker Quotes	N/A
	130,000	Asset Liquidation Analysis	Liquidation Proceeds	N/A
Convertible Corporate Bonds	13,643,700	Adjusted Broker Quotes	Non-Binding Broker Quotes	N/A
			Discount for Lack of Marketability	1%-20%
		Comparable Security Analysis	Matrix Pricing Range	N/A
	15,000	Asset Liquidation Analysis	Common Stock Valuation	N/A
		Liquidation Proceeds	N/A	

Following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value for the Fund:

	Balance as of June 30, 2018	Realized gain (loss)	Amortization/ Accretion	Change in unrealized appreciation (depreciation)
Common Stock	\$ 131,931	\$ —	\$ —	\$ —
Convertible Corporate Bonds	11,961,600	—	—	1,682,100
Total	\$ 12,093,531	\$ —	\$ —	\$ 1,682,100

	Purchases	Sales	Transfer in Level 3 <sup>(a)</sup>	Transfer out Level 3 <sup>(b)</sup>	Balance as of June 30, 2019
Common Stock	\$ —	\$ —	\$ 504,496	\$ —	\$ 636,427
Convertible Corporate Bonds	—	—	15,000	—	13,658,700
Total	\$ —	\$ —	\$ 519,496	\$ —	\$ 14,295,127

\* The amount of transfers in and/or out are reflected at the reporting period end.

(a) Transfers in relate primarily to securities for which observable inputs became unavailable during the period. Therefore, the securities were valued at fair value by the Adviser, in conformity with guidelines adopted by and subject to review by the Board, and are categorized as Level 3 inputs as of June 30, 2019.

(b) Transfer out relate primarily to securities for which observable inputs became available during the period, and as of June 30, 2019, the Fund was able to obtain quotes from its pricing service. These quotes represent Level 2 inputs, which is the level of the fair value hierarchy in which these securities are included as of June 30, 2019.

# Bruce Fund

## Notes to the Financial Statements (continued)

June 30, 2019

The total change in unrealized depreciation included in the Statement of Operations attributable to Level 3 investments still held at June 30, 2019 was as follows:

	<b>Total Change in Unrealized Appreciation</b>
Convertible Corporate Bonds	\$ 1,682,100

### NOTE D – PURCHASES AND SALES OF SECURITIES

For the fiscal year ended June 30, 2019, cost of purchases and proceeds from maturities and sales of securities, other than short-term investments and short-term U.S. Government obligations were as follows:

Purchases	\$ 34,260,949
Sales	\$ 51,394,765

### NOTE E – RELATED PARTIES

Bruce & Co., Inc., an Illinois corporation, is the investment adviser of the Fund and furnishes investment advice. In addition, it provides office space and facilities and pays the cost of all prospectuses and financial reports (other than those mailed to current shareholders). Compensation to the Adviser for its services under the Investment Advisory Contract is paid monthly based on the following:

<b>Annual Percentage Fee</b>	<b>Applied to Average Net Assets of Fund</b>
1.00%	Up to \$20,000,000; plus
0.60%	\$20,000,000 to \$100,000,000; plus
0.50%	over \$100,000,000

At June 30, 2019, Robert B. Bruce was the beneficial owner of 18,843 Fund shares, R. Jeffrey Bruce was the beneficial owner of 22,970 Fund shares, Robert DeBartolo was the beneficial owner of 24 Fund shares, and W. Martin Johnson was the beneficial owner of 5 Fund shares. Robert B. Bruce, Robert DeBartolo, and W. Martin Johnson are directors of the Fund; both Robert B. Bruce and R. Jeffrey Bruce are officers of the Fund and are officers, directors and owners of the Adviser.

# Bruce Fund

## Notes to the Financial Statements (continued)

June 30, 2019

### NOTE F – FEDERAL INCOME TAXES

At June 30, 2019, the breakdown of net unrealized appreciation and tax cost of investments for federal income tax purpose is as follows:

Gross Unrealized Appreciation	\$ 189,020,711
Gross Unrealized Depreciation	(18,170,396)
Net Unrealized Appreciation on Investments	<u>\$ 170,850,315</u>
Tax Cost	<u>\$ 349,106,287</u>

At June 30, 2019 the components of distributable earnings (accumulated losses) on a tax basis were as follows:

Undistributed Ordinary Income	\$ 4,903,576
Undistributed Long-Term Capital Gains	—
Accumulated Capital and Other Losses	(6,298,539)
Unrealized Appreciation	<u>170,850,315</u>
Total	<u>\$ 169,455,352</u>

As of June 30, 2019, the Fund had long-term capital loss carryforwards available to offset future gains, not subject to expiration, in the amount of \$6,298,539.

The tax character of distributions paid during the fiscal years 2019 and 2018 was as follows:

	<u>2019</u>	<u>2018</u>
Distributions paid from:		
Ordinary Income	\$ 11,819,986	\$ 12,860,524
Long-Term Capital Gain	—	9,982,379
	<u>\$ 11,819,986</u>	<u>\$ 22,842,903</u>

### NOTE G – RESTRICTED SECURITIES

The Fund has acquired several securities, the sale of which is restricted, through private placement. At June 30, 2019, the aggregate market value of such securities listed below amounted to \$13,751,340, or 3% of the Fund's net assets. 99.9% of the restricted securities are valued using quoted market prices, while the other 0.1% are valued according to fair value procedures approved by the Board. It is possible that the estimated value may differ significantly from the amount that might ultimately be realized in the near term, and the difference could be material.

# Bruce Fund

## Notes to the Financial Statements (continued)

June 30, 2019

The chart below shows the restricted securities held by the Fund as of June 30, 2019:

Issuer Description	Acquisition Date	Principal Amount	Cost	Value
<b>Corporate Bonds</b>				
Land O' Lakes Capital Trust I, 7.45%, 3/15/28	1/23/09	\$ 1,500,000	\$ 1,110,362	\$ 1,668,750
Security Benefit Life Insurance Company, 7.45%, 10/1/33	(a)	3,000,000	2,778,478	3,882,070
Valeant Pharmaceuticals International, Inc. 6.13%, 4/15/25	(b)	6,000,000	5,199,289	6,142,320
<b>Convertible Corporate Bonds</b>				
Synergy Pharmaceuticals, Inc., 7.50%, 11/1/19	3/4/15	1,500,000	1,015,510	15,000
Team, Inc., 5.00%, 8/1/23	(c)	2,000,000	1,810,530	2,043,200

(a) Purchased multiple taxlots beginning on 4/21/11.

(b) Purchased multiple taxlots beginning on 5/11/17.

(c) Purchased multiple taxlots beginning on 8/22/17.

### NOTE H – RECENT ACCOUNTING PRONOUNCEMENT

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-13, which changes the fair value measurement disclosure requirements of FASB Accounting Standards Codification Topic 820, Fair Value Measurement. The update to Topic 820 includes new, eliminated, and modified disclosure requirements. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, including interim periods, although early adoption is permitted. Management has evaluated the implications of certain provisions of ASU 2018-13 and has determined to early adopt all aspects related to the removal and modification of certain fair value measurement disclosures under the ASU effective immediately.

### NOTE I – SUBSEQUENT EVENTS

In accordance with GAAP, management has evaluated subsequent events through the date these financial statements were issued. All subsequent events determined to be relevant and material to the financial statements as a whole have been accordingly disclosed.

# Report of Independent Registered Public Accounting Firm

## Board of Directors and Shareholders

Bruce Fund, Inc.

### Opinion on the financial statements

We have audited the accompanying statement of assets and liabilities of Bruce Fund, Inc. (a Maryland corporation) (the Fund), including the schedule of investments, as of June 30, 2019, 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, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of June 30, 2019, and the results of its operations for the year 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.

### Basis for opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures include confirmation of securities owned as of June 30, 2019, by correspondence with custodians and brokers. We believe that our audits provide a reasonable basis for our opinion.

/s/ Grant Thornton LLP

We have served as the Company's auditor since 2001.

Chicago, Illinois

August 28, 2019

## Shareholder Expense Example (Unaudited)

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. The example is based on an investment of \$1,000 invested at the beginning of the period (January 1, 2019) and held for the entire period (through June 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 = \$8.60), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During the Period” to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

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

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as redemption fees. 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.

	<b>Beginning Account Value,</b>	<b>Ending Account Value,</b>	<b>Expenses Paid During the Period<sup>(a)</sup></b>
	<b>January 1, 2019</b>	<b>June 30, 2019</b>	<b>January 1 – June 30, 2019</b>
Actual	\$ 1,000.00	\$ 1,127.40	\$ 3.53
Hypothetical <sup>(b)</sup>	\$ 1,000.00	\$ 1,021.47	\$ 3.36

<sup>(a)</sup> Expenses are equal to the Fund’s six month annualized expense ratio of 0.67%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the partial year period).

<sup>(b)</sup> Assumes a 5% return before expenses.



## Directors and Officers (Unaudited)

The Fund is managed by its officers and directors. It has no advisory board, and no standing committees of the Board of Directors. Directors serve until the successor of each shall have been duly elected and shall have qualified. Independent Directors constitute a majority of the board.

The following table provides information regarding the Independent Directors:

<b>Name, Address*, (Age), Position with Fund**, Term of Position with Fund</b>	<b>Principal Occupation During Past 5 Years and Other Directorships</b>
<b>Ward M. Johnson (82)</b> Independent Director, December 1985 to present	2002 to present – Real Estate Sales, Landings Co.
<b>Robert DeBartolo (59)</b> Independent Director, March 2007 to present	2013 to present – Independent Consultant to the life sciences sector; 2011 to 2012 – Director, Global Franchise Marketing, Novartis/Alcon

\* The address for each director is 20 North Wacker Drive, Suite 2414, Chicago, Illinois 60606.

\*\* The Fund consists of one series. The Fund is not part of a Fund Complex.

The following table provides information regarding each Director who is an “interested person” of the Fund, as defined in the Investment Company Act of 1940, and each officer of the Fund.

<b>Name, Address*, (Age), Position with Fund**, Term of Position with Fund</b>	<b>Principal Occupation During Past 5 Years and Other Directorships</b>
<b>Robert B. Bruce*** (87)</b> Chairman, Director, President, and Treasurer, 1983 to present; Chief Compliance Officer, 2004 to present	1974 to present – principal, Bruce and Co. (investment adviser); 1982 to June 2019 – Chairman of Board of Directors, Treasurer, Professional Life & Casualty Company (life insurance issuer), previously Assistant Treasurer.
<b>R. Jeffrey Bruce*** (59)</b> Vice President and Secretary, 1983 to present	1983 to present – analyst/manager, Bruce and Co. (investment adviser); 1993 to June 2019 – Director, Professional Life & Casualty Company (life insurance issuer).

\* The address for each of the directors and officers is 20 North Wacker Drive, Suite 2414, Chicago, Illinois 60606.

\*\* The Fund consists of one series. The Fund is not part of a Fund Complex.

\*\*\* Mr. Robert Bruce and Mr. Jeffrey Bruce are “interested” persons because they are officers, directors, and owners of the Adviser. Robert Bruce is the father of Jeffrey Bruce.

The Fund’s Statement of Additional Information (“SAI”) includes information about the directors and is available, without charge, upon request. You may call toll-free (800) 872-7823 to request a copy of the SAI or to make shareholder inquiries.

## Other Tax Information (Unaudited)

The form 1099-DIV you receive in January 2020 will show the tax status of all distributions paid to your account in the calendar year 2019. Shareholders are advised to consult their own tax adviser with respect to the tax consequences of their investment in the Fund. As required by the Internal Revenue Code regulations, shareholders must be notified within 60 days of the Fund's fiscal year end regarding the status of qualified dividend income for individuals and the dividends received deduction for corporations.

**Qualified Dividend Income.** The Fund designates approximately 71% or up to the maximum amount of such dividends allowable pursuant to the Internal Revenue Code, as qualified dividend income eligible for a reduced tax rate.

**Qualified Business Income.** The Fund designates 0% of its ordinary income dividends, or up to the maximum amount of such dividends allowable pursuant to the Internal Revenue Code, as qualified business income.

**Dividend Received Deduction.** Corporate shareholders are generally entitled to take the dividends received deduction on the portion of the Fund's dividend distribution that qualifies under tax law. For the Fund's fiscal 2019 ordinary income dividends, 69% qualifies for the corporate dividends received deduction.

For the year ended June 30, 2019, the Fund designated \$0 as 20% long-term capital gain distributions.

# Privacy Policy

The following is a description of the Fund's policies regarding disclosure of nonpublic personal information that you provide to the Fund or that the Fund collects from other sources. In the event that you hold shares of the Fund 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 unaffiliated third parties.

**Categories of Information the Fund Collects.** The Fund collects the following nonpublic personal information about you:

- Information the Fund receives from you on or in applications or other forms, correspondence, or conversations (such as your name, address, phone number, social security number, assets, income and date of birth); and
- Information about your transactions with the Fund, or others (such as your account number and balance, payment history, parties to transactions, cost basis information, and other financial information).

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

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

**Disposal of Information.** The Fund, through its transfer agent, has 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 Fund. 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.

# Proxy Voting

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted those proxies during the most recent twelve month period ended June 30 are available without charge upon request by (1) calling the Fund at (800) 872-7823 and (2) from Fund documents filed with the Securities and Exchange Commission ("SEC") on the SEC's website at [www.sec.gov](http://www.sec.gov).

## **BRUCE FUND OFFICERS AND DIRECTORS**

### **Robert B. Bruce**

*President and Treasurer*

### **R. Jeffrey Bruce**

*Vice President and Secretary*

### **Robert DeBartolo**

*Director*

### **W. Martin Johnson**

*Director*

### **Investment Adviser**

Bruce and Co., Inc.

Chicago, Illinois

### **Custodian**

Huntington National Bank

Columbus, Ohio

### **Administrator, Transfer Agent and Fund Accountant**

Ultimus Asset Services, LLC

Cincinnati, Ohio

### **Distributor**

Unified Financial Securities, LLC

9465 Counselors Row, Suite 200

Indianapolis, Indiana 46240

### **Counsel**

Klevatt & Associates

Chicago, Illinois

### **Independent Registered Public Accounting Firm**

Grant Thornton LLP

Chicago, Illinois

This report is intended only for the information of shareholders or those who have received the Fund's prospectus which contains information about the Fund's management fees and expenses. Please read the prospectus carefully before investing.

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