

Environment

It is hard to escape, but the markets have become complacent. The signs are everywhere. The US stock market has been positive for the past eleven consecutive months. Even the loss in October 2016 was relatively mild and prior to that, the index had enjoyed a seven month run upward. It has been too long since the market has been tested.

We are left wondering how and when this bull market will be interrupted. This run confirms that money is coming into the market and coming in steadily. Perhaps the wide adoption of passive investing, a no worry investment if there ever was one, is playing a role. Rather than worrying whether they have chosen the correct stock, investors buy the entire index indiscriminately and assume the market is entirely efficient. We believe that passive buyers are more apt to “buy the dip” as it is easier to buy the whole index versus choosing a portfolio of individual stocks and we suspect that some investors that fled the market a decade ago are now convinced of that premise’s efficacy.

Low interest rates, cheap credit and slow growth have created distortions that likely will test the markets at some point. These risks are hiding in plain sight and have been escalating steadily. Yet the market continues to forge ahead. Though the economy has expanded, growth has been tepid. Meanwhile, corporate debt issuance has soared. As this recovery hits its eighth year, company management teams are under pressure to use cheap money and put the cash flows to use. As a result, the corporate bond market has grown significantly.

We are not calling a top to the market. Elevated stock prices and increased debt alone does not cause equity prices to shrivel. It is the appearance of some unknown threat. The heightened valuations and the period of complacency only hint of the potential magnitude of a problem at some point. The political environment is more than unusually fraught. Thus far, the Trump administration has brought about no meaningful legislation and a frightening standoff has developed in the Korean Peninsula.

More likely, the precipitating factor will come from the world of money and finance. We would have hoped that, given virtually full employment, the Federal Reserve would tighten a bit, not to halt inflation but to curb the excessive debt accumulation and speculative behavior. That seems to be the

inclination but with Janet Yellen looking like a lame duck we are left wondering whether the Fed will be too cautious.

Performance Review

Portfolio Factors

The Select Value Fund has been performing well and continued to improve, albeit at a slower pace in the third quarter. Both share classes narrowly beat the benchmark Russell 2500 Value Index. The appreciation came from our sector allocation. An overweight position in Industrials and an underweight in Real Estate accounted for this improvement.

Stock Selection: Contributors

Our contributors represent a good mix of businesses. The largest contributor was Winnebago (WGO), the well-known RV maker. This company has benefited from a general strength in demand for recreational vehicles and actions that management has taken to position the company for this strength. We also did well with Westlake Chemical (WLK). That stock is benefiting from strong markets, a favorable raw material position and a successful acquisition. Others that did well were McGrath RentCorp (MGRC), Rogers Corp.(ROG) and Oceaneering (OII).

Portfolio Contributors – Q3 2017

Security	Average Weight (%)	Contribution
Winnebago Industries (WGO)	2.65	0.70
McGrath Rentcorp (MGRC)	2.45	0.63
Westlake Chemical Corp. (WLK)	2.48	0.62
Rogers Corp. (ROG)	2.68	0.57
Oceaneering Int’l Inc. (OII)	2.33	0.40

Stock Selection: Detractors

The largest detractors were Kindred Healthcare (KND) and Seaworld Entertainment (SEAS). We exited Kindred but have stayed with SeaWorld. We also did poorly with Goodyear Tire (GT), DST Systems (DST), and Kirby (KEX). We have stayed with both DST and Goodyear as we believe that they represent strong companies with a good long term outlook. We sold Kirby because we are skeptical about an acquisition they recently completed and think that the price they paid was excessive.

Portfolio Detractors – Q3 2017

Security	Average Weight (%)	Contribution
Kindred Healthcare (KND)	1.75	-1.08
SeaWorld Entert. (SEAS)	2.22	-0.52
Goodyear Tire (GT)	1.62	-0.30
DST Systems Inc. (DST)	2.20	-0.27
Kirby Corp. (KEX)	1.19	-0.23

Portfolio Changes

We were more active than usual in this portfolio, buying and selling seven positions. We have already mentioned the sale of Kirby. Due to concerns over the impact of the recent storms, we sold Essent, (ESNT) a mortgage insurance company and Horace Mann (HMN) a property and casualty insurer. The other four, Kindred, Graphic Packaging (GPK), PolyOne (POL) and Outfront Media (OUT) were sold because of diminished expectations for long term performance.

Our seven purchases included Loral (LORL). We believe that Loral's stock price does not recognize the value of the satellite fleet that they own. Seacor (CKH), a shipping services holding company and Triumph Group (TGI), an international supplier of aerospace components and systems, were added along with Hub Group (HUBG), an intermodal carrier, CVB Financial (CVBF), a regional bank, Milacron (MCRN), a leader in plastic molding equipment and Amkor (AMKR) a semiconductor packaging company.

Exhibit 1: Sector Allocation - % over/underweight vs. Russell 2500 Value Index

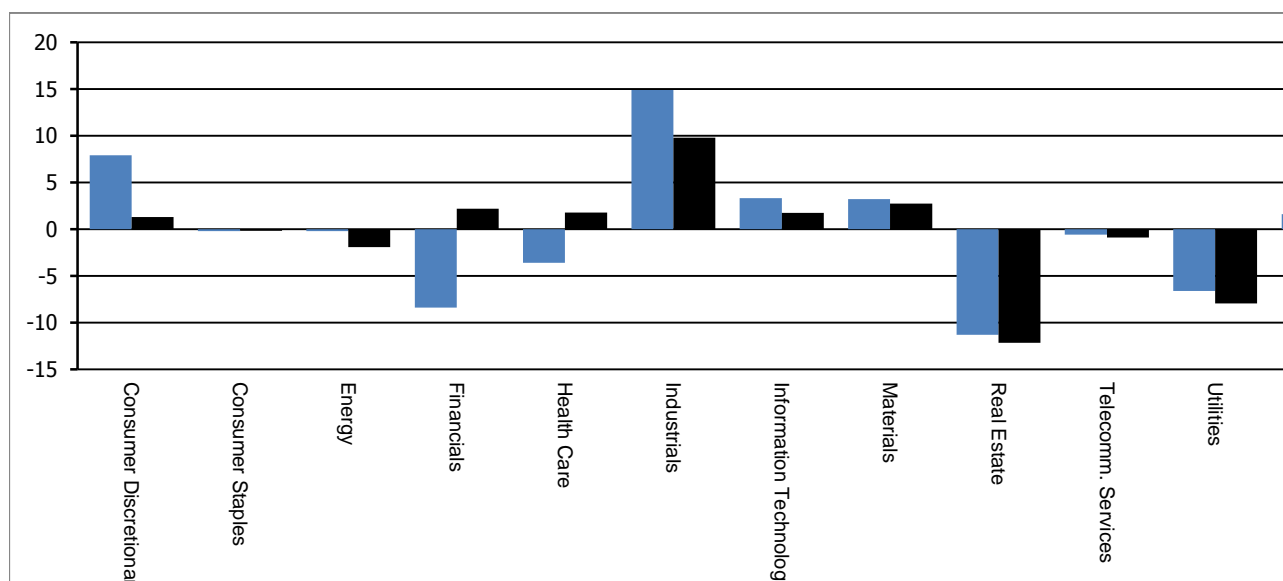


Exhibit 1 above highlights the fact that sector weight differentials between the Fund and the Russell 2500 Value Index benchmark have not changed greatly from today's levels versus the five year average.

Top Ten Holdings (%)

Winnebago Industries Inc.	2.9
Seacor Holdings Inc.	2.8
Rogers Corp.	2.8
Westlake Chemical Corp.	2.7
Oceaneering International Inc.	2.7
Firstcash Inc.	2.7
Triumph Group Inc.	2.7
Hub Group Inc.	2.7
Amkor Technology Inc.	2.6
CVB Financial Corp.	2.6
Total % of Portfolio	27.2

Fund Statistics

	Fund	Russell 2500 Value Index
Number of Holdings	40	1763
Median Market Cap (Millions)	\$2,817.2	\$1,046.8
Weighted Avg Market Cap (Millions)	\$3,604.2	\$4,460.5
Price/Book ¹	2.2	1.6
P/E using FY1 Estimate ²	17.9	17.9

Source: FactSet Research

Portfolio Performance

	Q3 17	1 Year	3 Year	5 Year	Since Inception (12/27/10)
Walthausen Select Value Fund: Institutional Class	3.99	21.17	6.39	12.51	11.10
Walthausen Select Value Fund: Retail Class	3.86	20.88	6.13	12.23	10.81
Russell 2500 Value Index³	3.83	15.75	9.94	13.25	11.26

Total Expense Ratio: 1.36%. Net Expense Ratio: 1.11% for Institutional Class, 1.36% for Retail Class. Expense ratio per the June 1, 2017 prospectus.

The Net Expense Ratio includes a waiver. The Advisor has contractually agreed to waive Services Agreement fees to the extent necessary to maintain total annual operating expenses of the Institutional Class Shares, excluding brokerage fees and commissions, taxes, borrowing costs (such as (a) interest and (b) dividend expenses on securities sold short), the cost of acquired funds and extraordinary expenses at 1.10% of its average daily net assets through May 31, 2018. The Advisor may not terminate the fee waiver before May 31, 2018. The Trustees may terminate the expense waiver upon notice to the Advisor. From the prospectus dated June 1, 2017.

Performance data quoted represents past performance and does not guarantee future results. Investment returns and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The current performance may be lower or higher than the performance data quoted. Investors may obtain performance data current to the most month-end by calling (888) 925-8428. Periods over one year are annualized.

Disclosures

¹Price/Book measures the weighted average of the price to book value of all the stocks in the fund's portfolio, excluding companies with negative book values. Book value is the total assets of a company less total liabilities.

²P/E using FYI Estimate is a ratio reflecting the amount of earnings estimated for next year per dollar of amount share price. For the fund, the individual P/E stock ratios are then weighted by their portfolio and market values to calculate a weighted average for the portfolio as a whole. Companies with negative earnings are excluded from the calculation. This ratio is not a forecast of the fund's future performance.

³The Russell 2500® Value Index measures the performance of the small cap value segment of the U.S. equity universe. It includes those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth sales.

An investment in the Fund is subject to investment risks, including the possible loss of the principal amount invested. The Fund invests in the stocks of small capitalization companies, which may subject the Fund to additional risks. The earnings and prospects of these companies are generally more volatile, and they may experience higher failure rates than do larger companies. Their stocks are subject to a greater degree of volatility, trade in lower volume and may be less liquid. Investment in the Fund is also subject to common stocks risk, value investing risk, sector risk, securities lending risk, and investment management risk. Fund holdings and asset allocations are subject to change and are not recommendations to buy or sell any security.

Investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. The prospectus contains this and other information about the Fund. You may obtain a prospectus by calling (888) 925-8428. The prospectus should be read carefully before investing. Distributed by Rafferty Capital Markets, LLC – Garden City, NY 11530, Member FINRA.

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Contributors and detractors performance data and analytics provided by FactSet. To measure performance for periods when portfolio holdings change, portfolio analysis calculates the security weights and returns on a daily basis, then geometrically link returns across the measurement period.

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