

# Walthausen Select Value Fund

December 31, 2014  
Fourth Quarter

## Investment Objective:

The Walthausen Select Value Fund seeks long-term capital appreciation.

## Investment Policy:

The Fund invests primarily in common stocks of small and mid capitalization companies defined as those with a market capitalization of \$5 billion or less at the time of purchase. Normally, the Fund will invest at least 80% of its net assets in small and mid capitalization stocks.

## Investor Profile:

The Fund may be suitable to investors seeking long-term growth of capital, who can tolerate the risks associated with investing in small and mid capitalization common stocks. The earnings and prospects of these companies are generally more volatile than larger companies.

## PERFORMANCE SUMMARY (%) (as of 12/31/14)

	Q4 2014	1 Year*	3 Year*	Since Inception* (12/27/10)
Walthausen Select Value Fund: Institutional Class	1.07	2.22	20.87	14.30
Walthausen Select Value Fund: Retail Class	1.01	1.98	20.56	13.99
Russell 2500 Value Index	6.09	7.11	19.40	13.22

*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 recent month-end by calling (888) 925-8428. Investors should consider the investment objectives, risks, and charges and expenses of the Fund carefully before investing.*

### \* Average Annualized Total Return

The Russell 2500 Value Index measures the performance of 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 values.

## FUND INVESTMENT STYLE

The Fund's investment advisor searches for securities across the broad universe of small capitalization companies, using a proprietary scoring model to identify companies that are trading at a discount to intrinsic value. Research is generated internally, avoiding external sell-side analysis. The two critical areas for analysis are the cash flow statement and balance sheet which allow an evaluation of a company's sustainable free cash flow. This cash flow can be used to invest and expand, acquire other companies, reduce debt, buy in stock or pay dividends. Investment decisions are made on the basis of whether the company is selling at a discount valuation, management has an achievable plan for building shareholder value, and their track record suggests they are capable of implementing the strategy.

## Key Fund Facts:

Inception Date: 12/27/10  
Net Assets \$70.7 million

### Institutional Class

Ticker Symbol:	WSVIX
Cusip:	933310203
NAV:	\$15.32
Gross Expense Ratio:	1.46%
Net Expense Ratio:	1.21%*

### Investment Minimums

Regular Account..... \$100,000  
Automatic Reinvestment Plan... \$100,000  
IRA / Roth IRA Account ..... \$100,000

\* The Net Expense Ratio includes a waiver. The Advisor has contractually agreed to waive through May 31, 2015, 0.25% of the 0.45% Services Agreement fees applicable for Fund average net assets up to \$100 million. The Advisor may not terminate the fee waiver before May 31, 2015. From the prospectus dated June 1, 2014.

### Retail Class

Ticker Symbol:	WSVRX
Cusip:	933310302
NAV:	\$15.17
Gross Expense Ratio:	1.46%
Net Expense Ratio:	1.46%**

### Investment Minimums

Regular Account..... \$2,500  
Automatic Reinvestment Plan... \$2,500  
IRA / Roth IRA Account ..... \$2,500

\*\* From the prospectus dated June 1, 2014.

## PORTFOLIO MANAGER:

The Portfolio Manager of the Fund is John Walthausen, CFA, a thirty year veteran in small cap investing. He is CIO of the Investment Adviser to the Fund, Walthausen & Co., LLC, which he formed in August, 2007. He is assisted by the investment team that joined him from his former employer, Paradigm Capital Management. At Paradigm, he was the portfolio manager of the Paradigm Value Fund, which he managed from the fund's inception in January, 2003, through to the time of his departure in July, 2007.

**Investment Adviser:** Walthausen & Co., LLC  
2691 Route 9, Suite 102  
Malta, NY 12020  
(518) 371-3450

**Transfer Agent:** Mutual Shareholder Services

**Custodian Bank:** Huntington National Bank

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December 31, 2014

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## Fund Characteristics:

(as of 12/31/14)

	Select Value Fund	Russell 2500 Index
No. of Holdings	40	1752
Median Market Cap (\$m)	3,062.3	955.6
Average Weighted Market Cap (\$m)	3,284.8	3,855.4
Price-to-Book	1.9	1.6

Source: FactSet Research

## TOP TEN HOLDINGS

(as of 12/31/14)

(% of net assets)

Unifirst Corp.	3.0
GNC Holdings, Inc.	2.9
Independent Bank Corp.	2.8
Assurant, Inc.	2.7
Swift Transportation Company	2.7
Devry, Inc.	2.7
WPX Energy, Inc.	2.6
Graham Holdings Company	2.6
Brocade Communications Systems, Inc.	2.6
Deluxe Corp.	2.6
Total % of Portfolio	27.2

Fund holdings and asset allocations are subject to change, and are not recommendations to buy or sell any security.

## SECTOR ALLOCATIONS

(as of 12/31/14)

(% of net assets)

	Select Value Fund	Russell 2500 Value
Financials	27.0	38.4
Industrials	24.1	13.4
Consumer Discretionary	20.0	11.1
Information Technology	9.3	9.1
Healthcare	4.9	6.2
Materials	4.7	5.9
Energy	4.1	4.0
Consumer Staples	2.3	2.3
Telecom Services	0.0	0.8
Utilities	0.0	8.8
Net Cash*	3.6	

\* Net cash represents cash equivalents and other assets less liabilities. Sectors are defined by GICS.®\*\* Allocations are subject to change.

\*\*The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of the McGraw-Hill Companies, Inc. (S&P) and is licensed for use by Licensee". Neither MSCI, S&P nor any third party involved in making or compiling the GICS classification makes any express or implied warranties or representations with respect to such standard or classification nor shall any such party have any liability there from.

## TOP FIVE HOLDINGS PROFILE

(12/31/14)

### Unifirst Corp. (3.0%)

Provides workplace uniforms and protective work wear clothing primarily in the United States, Canada and Europe.

### GNC Holdings, Inc. (2.9%)

Operates as a specialty retailer of health and wellness products operating in three segments: Retail, Franchise, and Manufacturing/Wholesale.

### Independent Bank Corp. (2.8%)

Operates as a bank holding company for Rockland Trust Company that provides banking products and services primarily to small-to-medium sized businesses and individuals in Massachusetts.

### Assurant, Inc. (2.7%)

Provides internet protocol based networking solutions and storage area networking (SAN) solutions to businesses and organizations worldwide.

### Swift Transportation Company (2.7%)

Operates as a multi-faceted transportation services company in North America in four segments: Truckload, Dedicated, Central Refrigeration, and Intermodal.

*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 and mid 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.*

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**WALTHAUSEN FUNDS**

**(888) 925-8428**

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