

WALTHAUSEN SMALL CAP VALUE FUND

TICKER WSCVX

For Investors Seeking Long-Term Capital Appreciation

ANNUAL REPORT

January 31, 2017

Walthausen Small Cap Value Fund
Annual Report
January 31, 2017

There is no question that the fiscal year which ended January 31, 2017 was an unexpectedly exciting period in the US equity markets. Equity classifications large and small, growth and value all broadly performed well over the year. Judging by the Russell indices, value beat growth and small trumped large. The Russell 2000 Value gained 40.22% while the Russell Top 200 Growth, an index of large growth stocks, appreciated by a still impressive 16.14%. The Walthausen Small Cap Value Fund showed a gain of 43.33%, besting the 40.22% return of the Russell 2000 Value benchmark. While we were pleased, we are also disconcerted because underlying earnings, cash flows, dividend payout and asset values increased, but not by nearly the amount of the Fund's returns. In short, our delight in besting the benchmark is tempered by unease at current equity prices.

The strong equity gains were a surprise after the severe reversals in the last two months (December and January) of the prior fiscal year. In March 2016 the market rebounded, then moved up pretty steadily through the summer and fall in spite of lackluster economic growth and a raucous presidential election contest between two candidates, neither of whom enjoyed wide support. The surprise election of Mr. Trump sparked a surge in enthusiasm for US equities, particularly small cap names. The common assumption has been that if Mr. Trump, allied with a Republican legislature, will be able to spur faster growth, more domestically oriented small cap names will benefit the most. We are not sure. We think that the concurrent strengthening of the US dollar will dampen any advantage that business might achieve from the new administration's policies.

Comparing individual market sectors, we see that the Russell 2000 Value Index benchmark's best performers November through January were the Energy and Materials stocks. It is anticipated that the new administration will work to reduce business regulations, and it has been argued that businesses in these sectors will benefit from less regulation. Companies in these sectors compete in global markets. Crude oil prices do differ a bit by grade but globally they tend to move in lockstep. Further, much of the regulation on drilling is at a state level so we think that a stronger dollar is likely to at least offset any modest cost benefit from lower regulatory burden. We are not hearing much enthusiasm from insiders for the benefit of the anticipated policies of the new administration but we are noticing an unusually high level of insiders selling their stock.

Over the one year period, the benefits of the Fund's sector allocation outweighed the drag produced by the Fund's cash position, which averaged about 4.0%, allowing for outperformance even in such a strong market. One of the largest contributors to the Fund's outperformance came from the Materials group, where we were significantly overweight over the course of the fiscal year. We averaged more than double the benchmark's weight. We also benefited from relative underweighting in REITs and in Utilities. On the other hand, the Fund's relative overweighting in Consumer Discretionary stocks detracted from performance. A large portion of our outperformance can be attributed to stock selection. The lead was taken by a number of construction related names, including Tutor Perini, NMI Holdings, Mueller Water and Ply Gem. The regional banks also performed well. The detractors were a more diverse group and included Vista Outdoor, FreightCar America, Kindred Healthcare and Nexeo Solutions.

We are not only concerned that the market has risen to unsustainable levels but we believe that the policy of using excessive monetary stimulus to stimulate economic growth has infected the economy with a low regard for the time value of money. We are seeing clear signs that consumer credit quality is deteriorating and we are concerned that acquisition activity is picking up with deals going on the books at excessive valuations.

The past fiscal year has been a challenging time for active managers. Many actively managed funds have underperformed their benchmarks. While we are gratified that the Walthausen Small Cap Value Fund was able to beat our benchmark returns over the peri-

od, we do not delude ourselves that we had our finger on the pulse of the market. We had a good year because we stayed with our well established strategy. Aggressive speculation favored our preference for stocks with smaller market capitalizations than the Fund's peers and benchmark, as well as our normal overweighting in Industrial and Materials sectors.

As I review the fund's portfolio, I am comfortable with our holdings but frustrated to find it increasingly difficult to find investments to add to the portfolio which meet our criteria at prices which we believe offer reasonable opportunity for appreciation. Our prize picks are generally companies which are undergoing positive changes and where those changes are not fully appreciated in the stock price. These companies exist, but they are more difficult to find in the current market environment. We also have found that these transformation strategies are easier to effect when the economy is recovering from a slack period than when the economy is at close to full employment.

Thank you for your continued support.

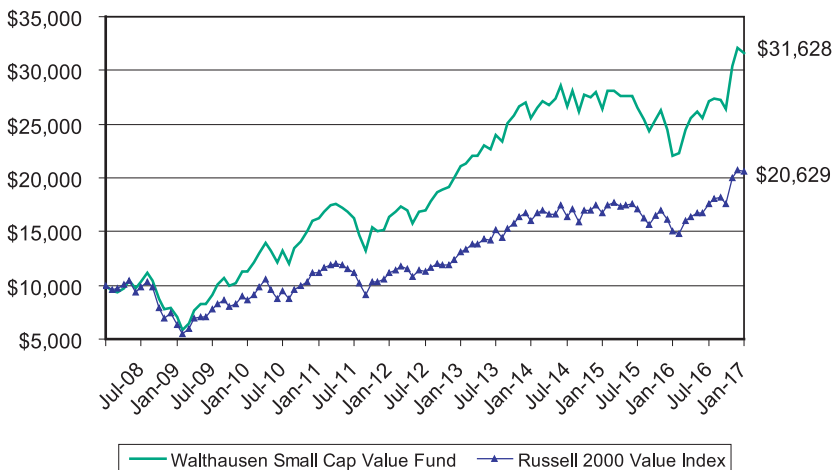
John B. Walthausen CFA

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 may be higher or lower than the performance data quoted. Performance data current to the most recent month end are available by calling 1-888-925-8428.

The Fund's prospectus contains important information about the Fund's investment objectives, potential risks, management fees, charges and expenses, and other information and should be read and considered carefully before investing. To obtain a copy of the Fund's prospectus, please visit our website at www.walthausenfunds.com or call 1-888-925-8428 and a copy will be sent to you free of charge. Distributed by Rafferty Capital Markets, LLC – Garden City, NY 11530.

WALTHAUSEN SMALL CAP VALUE FUND (Unaudited)

The Value of a \$10,000 Investment in Walthausen Small Cap Value Fund from February 1, 2008 to January 31, 2017 as Compared to the Russell 2000 Value Index



PERFORMANCE INFORMATION

1/31/17 NAV \$22.12

AVERAGE ANNUAL RATE OF RETURN (%) FOR THE PERIODS ENDED JANUARY 31, 2017

	1 Year ^(A)	3 Years ^(A)	5 Years ^(A)	Since Inception ^(A)
Walthausen Small Cap Value Fund	43.33%	7.40%	14.11%	13.65%
Russell 2000® Value Index ^(B)	40.22%	9.48%	13.44%	8.38%

Annual Fund Operating Expense Ratio (from Prospectus dated June 1, 2016): 1.25%

The Fund's expense ratio for the fiscal year ended January 31, 2017 can be found in the financial highlights included in this report.

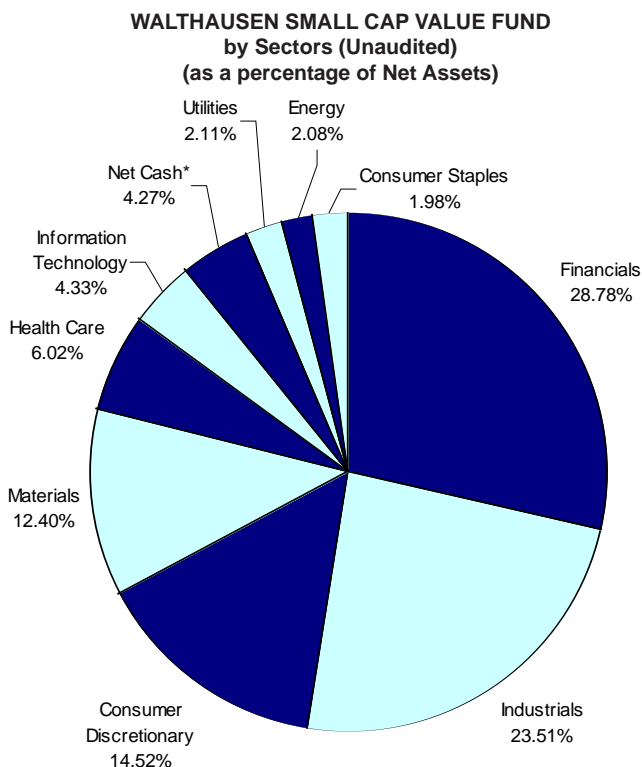
The Annual Fund Operating Expense Ratio reported above may not correlate to the expense ratio in the Fund's financial highlights because of the impact of breakpoints in expenses charged as described in Note 4.

^(A) 1 Year, 3 Years, 5 Years and Since Inception returns include change in share prices and in each case includes reinvestment of any dividends and capital gain distributions. The inception date of the Walthausen Small Cap Value Fund was February 1, 2008.

^(B) The Russell 2000® Value Index (whose composition is different from that of the Fund) is an unmanaged index of small-capitalization stocks with lower price-to-book ratios and lower forecasted growth values than the total population of small-capitalization stocks.

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE SO THAT SHARES, WHEN REDEEMED, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. RETURNS DO NOT REFLECT THE DEDUCTION OF TAXES THAT A SHAREHOLDER WOULD PAY ON FUND DISTRIBUTIONS OR THE REDEMPTION OF FUND SHARES. CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THE PERFORMANCE DATA QUOTED. TO OBTAIN PERFORMANCE DATA CURRENT TO THE MOST RECENT MONTH-END, PLEASE CALL 1-888-925-8428. THE FUND'S DISTRIBUTOR IS RAFFERTY CAPITAL MARKETS, LLC.

WALTHAUSEN SMALL CAP VALUE FUND



* Net Cash represents cash equivalents and other assets in excess of liabilities.

Availability of Quarterly Schedule of Investments (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-Q is available on the SEC's Web site at <http://www.sec.gov>. The Fund's Form N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Proxy Voting Guidelines (Unaudited)

Walthausen & Co., LLC, the Fund's investment advisor ("Advisor"), is responsible for exercising the voting rights associated with the securities held by the Fund. A description of the policies and procedures used by the Advisor in fulfilling this responsibility is available without charge on the Fund's website at www.walthausenfunds.com. It is also included in the Fund's Statement of Additional Information, which is available on the SEC's website at <http://www.sec.gov>.

Information regarding how the Fund voted proxies, Form N-PX, relating to portfolio securities during the most recent 12-month period ended June 30th, is available without charge, upon request, by calling our toll free number (1-888-925-8428). This information is also available on the SEC's website at <http://www.sec.gov>.

EXPENSE EXAMPLE
(Unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs such as redemption fees and IRA maintenance fees, and (2) ongoing costs, including management fees, service 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 in the Fund on August 1, 2016 and held through January 31, 2017.

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. Additionally, although the Fund charges no sales load, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by Ultimus Fund Solutions, LLC, the Fund's transfer agent. If shares are redeemed within 90 days of purchase from the Fund, the shares are subject to a 2% redemption fee. You will be charged an annual maintenance fee of \$15 for each tax deferred account you have with the Fund ("IRA maintenance fees"). To the extent the Fund invests in shares of other investment companies as part of its investment strategy, you will indirectly bear your proportionate share of any fees and expenses charged by the underlying funds in which the Fund invests in addition to the expenses of the Fund. Actual expenses of the underlying funds are expected to vary among the various underlying funds. These expenses are not included in the example. The example includes management fees, service fees and other Fund expenses. However, the example does not include portfolio trading commissions and related expenses and other extraordinary expenses as determined under generally accepted accounting principles. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table 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, IRA maintenance fees described above or expenses of underlying funds. 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. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value <u>August 1, 2016</u>	Ending Account Value <u>January 31, 2017</u>	Expenses Paid During the Period* <u>August 1, 2016 to January 31, 2017</u>
Actual	\$1,000.00	\$1,164.69	\$6.91
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,018.75	\$6.44

* Expenses are equal to the Fund's annualized expense ratio of 1.27%, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).

Walthausen Small Cap Value Fund

Schedule of Investments January 31, 2017

Shares		Fair Value	% of Net Assets
COMMON STOCKS			
Agricultural Chemicals			
342,679	American Vanguard Corporation	\$ 5,894,079	
163,090	CVR Partners, LP	<u>1,035,622</u>	
		6,929,701	1.14%
Air Transportation, Nonscheduled			
495,908	Era Group Inc. *	<u>7,765,919</u>	1.28%
Aircraft & Parts			
235,160	AAR Corp.	<u>7,522,768</u>	1.24%
Carpets & Rugs			
445,790	Interface, Inc.	<u>8,113,378</u>	1.34%
Chemicals & Allied Products			
294,160	GCP Applied Technologies Inc. *	<u>7,927,612</u>	1.31%
Construction Machinery & Equipment			
160,713	Columbus McKinnon Corporation	<u>4,418,000</u>	0.73%
Deep Sea Foreign Transportation of Freight			
633,255	Overseas Shipholding Group, Inc. *	<u>3,109,282</u>	0.51%
Electronic Components & Accessories			
542,689	Vishay Intertechnology Inc.	<u>9,008,637</u>	1.49%
Fabricated Plate Work (Boiler Shops)			
257,041	Global Power Equipment Group Inc. *	<u>1,308,339</u>	0.22%
Fire, Marine & Casualty Insurance			
218,313	Horace Mann Educators Corporation	9,027,243	
186,140	The Navigators Group, Inc.	<u>10,451,761</u>	
		19,479,004	3.22%
General Building Contractors - Nonresidential Buildings			
293,070	Tutor Perini Corporation *	<u>8,733,486</u>	1.44%
Gold & Silver Ores			
2,923,640	Nevsun Resources Ltd. (Canada)	<u>9,238,702</u>	1.53%
Greeting Cards			
221,513	CSS Industries Inc.	<u>5,453,650</u>	0.90%
Heavy Construction Other Than Building Construction - Contractors			
1,742,696	Great Lakes Dredge & Dock Corporation *	<u>9,062,019</u>	1.50%
Household Furniture			
181,413	Kimball International, Inc. Class B	<u>3,035,039</u>	0.50%
Industrial Organic Chemicals			
1,003,776	Nexeo Solutions, Inc. *	<u>9,044,022</u>	1.49%
Instruments for Measuring & Testing of Electricity & Electric Signals			
162,091	Allied Motion Technologies, Inc.	<u>3,572,486</u>	0.59%
Life Insurance			
125,379	Primerica, Inc.	<u>9,459,846</u>	1.56%
Machine Tools, Metal Cutting Types			
100,000	Hardinge Inc.	<u>1,060,000</u>	0.18%
Metal Forgings & Stampings			
216,269	Materion Corp.	<u>8,499,372</u>	1.40%
Millwood, Veneer, Plywood, & Structural Wood Members			
661,790	Ply Gem Holdings, Inc. *	<u>10,687,908</u>	1.76%
Mining & Quarrying of Nonmetallic Minerals (No Fuels)			
181,730	Ciner Resources LP	<u>5,719,043</u>	0.94%
Miscellaneous Business Credit Institution			
1,916,400	Intrepid Potash, Inc. *	<u>3,909,456</u>	0.65%
Miscellaneous Electrical Machinery, Equipment & Supplies			
112,860	Atkore International Group Inc. *	<u>3,015,619</u>	0.50%

* Non-Income Producing Securities.

The accompanying notes are an integral part of these financial statements.

Walthausen Small Cap Value Fund

Schedule of Investments January 31, 2017

Shares		Fair Value	% of Net Assets
COMMON STOCKS			
Miscellaneous Fabricated Metal Products			
469,550	Mueller Water Products, Inc. Series A	\$ 6,320,143	1.04%
Motor Homes			
123,060	Winnebago Industries, Inc.	3,864,084	0.64%
Motor Vehicle Parts & Accessories			
501,560	Dana Incorporated	10,101,418	
418,720	Stoneridge, Inc. *	6,871,195	
259,195	Superior Industries International, Inc.	5,974,445	
		22,947,058	3.79%
Motors & Generators			
133,570	Regal Beloit Corporation	9,697,182	1.60%
National Commercial Banks			
240,180	BNC Bancorp	8,466,345	
155,248	City Holding Company	10,105,092	
147,220	Community Bank System Inc.	8,591,759	
312,970	First Financial Bancorp	8,622,323	
103,245	WSFS Financial Corporation	4,676,999	
		40,462,518	6.67%
Office Furniture (No Wood)			
184,080	Steelcase Inc. Class A	3,092,544	0.51%
Operative Builders			
423,840	M/I Homes, Inc. *	10,655,338	1.76%
Ordnance & Accessories, (No Vehicles/Guided Missiles)			
248,470	Vista Outdoor Inc. *	7,158,421	1.18%
Paints, Varnishes, Lacquers, Enamels & Allied Products			
632,870	Ferro Corporation *	8,948,782	1.48%
Paper Mills			
97,110	Orchids Paper Products Company	2,652,074	0.44%
Petroleum Refining			
155,855	CVR Refining, LP *	1,745,576	0.29%
Plastics, Materials, Synth Resins & Nonvulcan Elastomers			
67,030	Rogers Corporation *	5,359,049	0.88%
Printed Circuit Boards			
230,299	Kimball Electronics, Inc. *	3,938,113	0.65%
Pulp Mills			
745,671	Mercer International Inc. (Canada)	8,910,768	1.47%
Pumps & Pumping Equipment			
123,274	Ampco-Pittsburgh Corporation	1,855,274	0.31%
Railroad Equipment			
297,660	Freightcar America, Inc.	4,301,187	
50,120	The Greenbrier Companies, Inc.	2,192,750	
		6,493,937	1.07%
Real Estate Agents & Managers (For Others)			
462,668	ILG, Inc.	8,767,559	1.45%
Refuse Systems			
608,750	Casella Waste Systems, Inc. *	7,037,150	1.16%
Retail - Auto Dealers & Gasoline Stations			
291,383	West Marine, Inc. *	2,701,120	0.45%
Retail - Miscellaneous Retail			
134,280	FirstCash, Inc.	5,733,756	
300,702	Suburban Propane Partners, L.P.	9,087,214	
		14,820,970	2.45%

* Non-Income Producing Securities.

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Walthausen Small Cap Value Fund

Schedule of Investments January 31, 2017

Shares		Fair Value	% of Net Assets
COMMON STOCKS			
Rolling Drawing & Extruding of Nonferrous Metals			
97,310	Kaiser Aluminum Corporation	\$ 7,634,943	1.26%
Sanitary Services			
355,990	Heritage-Crystal Clean, Inc. *	5,322,051	0.88%
Services - Business Services, NEC			
990,148	Lionbridge Technologies, Inc. *	5,663,647	0.94%
Services - Commercial Physical & Biological Research			
516,785	Albany Molecular Research, Inc. *	9,508,844	1.57%
Services - Computer Integrated Systems Design			
96,150	VASCO Data Security International, Inc. *	1,461,480	0.24%
Services - Equipment Rental & Leasing, NEC			
247,800	McGrath RentCorp	9,485,784	
363,640	Triton International Limited Class A (Bermuda)	8,850,998	
		18,336,782	3.03%
Services - Home Health Care Services			
246,229	Addus HomeCare Corporation *	8,408,720	
195,340	LHC Group, Inc. *	9,792,394	
		18,201,114	3.01%
Services - Mailing, Reproduction, Commercial Art & Photography			
346,230	ARC Document Solutions, Inc. *	1,630,743	0.27%
Services - Miscellaneous Amusement & Recreation			
534,980	SeaWorld Entertainment, Inc.	9,688,488	1.60%
Services - Nursing & Personal Care Facilities			
1,308,768	Kindred Healthcare, Inc.	8,703,307	1.44%
Soap, Detergents, Cleaning Preparations, Perfumes, Cosmetics			
70,400	Stepan Company	5,498,944	0.91%
Special Industry Machinery, NEC			
150,000	Amtech Systems, Inc. *	810,000	0.13%
State Commercial Banks			
235,540	Bryn Mawr Bank Corp.	9,433,377	
140,497	Eagle Bancorp, Inc. *	8,605,441	
163,080	Great Southern Bancorp, Inc.	8,162,154	
201,819	Heartland Financial USA, Inc.	9,445,129	
198,275	Lakeland Financial Corporation	8,807,375	
329,910	Southside Bancshares, Inc.	11,269,726	
211,530	Stock Yards Bancorp, Inc.	9,476,544	
274,130	TriCo Bancshares	10,107,173	
		75,306,919	12.43%
Surety Insurance			
1,414,070	NMI Holdings, Inc. - Class A *	15,271,956	2.52%
Textile Mill Products			
359,818	Unifi, Inc. *	9,675,506	1.60%
Title Insurance			
663,840	Fidelity National Financial Ventures *	8,629,920	1.43%
Truck & Bus Bodies			
166,031	Miller Industries, Inc.	4,399,822	0.73%
Truck Trailers			
399,930	Wabash National Corporation	7,058,765	1.17%
Water Supply			
73,282	SJW Corp.	3,671,428	0.61%
Wholesale - Beer, Wine & Distilled Alcoholic Beverages			
220,550	MGP Ingredients, Inc.	9,349,115	1.54%

* Non-Income Producing Securities.

The accompanying notes are an integral part of these financial statements.

Walthausen Small Cap Value Fund

Schedule of Investments January 31, 2017

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Wholesale - Durable Goods		
15,000 School Specialty, Inc. * **	\$ 1,725,000	0.28%
Wholesale - Electrical Apparatus & Equipment, Wiring Supplies		
458,970 Houston Wire & Cable Company	3,373,429	0.56%
Wood Household Furniture, (No Upholstered)		
187,850 Bassett Furniture Industries Inc.	5,297,370	0.87%
Total for Common Stocks (Cost \$448,150,028)	\$ 579,720,521	95.73%
MONEY MARKET FUNDS		
22,900,785 Fidelity Investments Money Market Government Portfolio - Class I 0.43% ***	\$ 22,900,785	3.78%
(Cost \$22,900,785)		
Total Investment Securities	602,621,306	99.51%
(Cost \$471,050,813)****		
Other Assets in Excess of Liabilities	2,953,482	0.49%
Net Assets	\$ 605,574,788	100.00%

* Non-Income Producing Securities.

** Level 2 Security.

*** Variable rate security; the yield rate shown represents the 7-day yield at January 31, 2017.

**** At January 31, 2017, tax basis cost of the Fund's investments was \$473,579,743 and the unrealized appreciation and depreciation were \$155,033,990 and (\$25,992,427), respectively, with a net unrealized appreciation of \$129,041,563.

The accompanying notes are an integral part of these financial statements.

Walthausen Small Cap Value Fund

Statement of Assets and Liabilities

January 31, 2017

Assets:	
Investment Securities at Fair Value	\$ 602,621,306
(Cost \$471,050,813)	
Receivable for Securities Sold	5,120,462
Receivable for Shareholder Subscriptions	1,937,657
Receivable for Dividends and Interest	541,119
Total Assets	<u>610,220,544</u>
Liabilities:	
Payable for Securities Purchased	3,431,428
Payable for Shareholder Redemptions	557,049
Payable to Advisor for Management Fees (Note 4)	519,815
Payable to Advisor for Service Fees (Note 4)	137,464
Total Liabilities	<u>4,645,756</u>
Net Assets	<u>\$ 605,574,788</u>
Net Assets Consist of:	
Paid In Capital	\$ 461,985,957
Accumulated Undistributed Net Investment Income (Loss)	(282,715)
Accumulated Undistributed Realized Gain (Loss) on Investments - Net	12,301,053
Unrealized Appreciation (Depreciation) in Value of Investments	
Based on Identified Cost - Net	131,570,493
Net Assets, for 27,371,997 Shares Outstanding	<u>\$ 605,574,788</u>
(Unlimited shares authorized)	
Net Asset Value and Offering Price Per Share	
(\$605,574,788/27,371,997 shares)	<u>\$ 22.12</u>
Redemption Price Per Share (\$22.12 * 0.98) (Note 2)	<u>\$ 21.68</u>

Statement of Operations

For the fiscal year ended January 31, 2017

Investment Income:	
Dividends (Net of foreign withholding tax of \$43,496)	\$ 6,727,017
Interest	58,418
Total Investment Income	<u>6,785,435</u>
Expenses:	
Management Fees (Note 4)	5,514,052
Service Fees (Note 4)	1,525,903
Total Expenses	<u>7,039,955</u>
Net Investment Income (Loss)	(254,520)
Realized and Unrealized Gain (Loss) on Investments:	
Realized Gain (Loss) on Investments	44,268,890
Net Change in Unrealized Appreciation (Depreciation) on Investments	154,499,529
Net Realized and Unrealized Gain (Loss) on Investments	<u>198,768,419</u>
Net Increase (Decrease) in Net Assets from Operations	<u>\$ 198,513,899</u>

Walthausen Small Cap Value Fund

Statements of Changes in Net Assets

	2/1/2016 to 1/31/2017	2/1/2015 to 1/31/2016
From Operations:		
Net Investment Income (Loss)	\$ (254,520)	\$ 2,070,021
Net Realized Gain (Loss) on Investments	44,268,890	30,828,947
Net Change in Unrealized Appreciation (Depreciation) on Investments	154,499,529	(140,702,719)
Increase (Decrease) in Net Assets from Operations	198,513,899	(107,803,751)
From Distributions to Shareholders:		
Net Investment Income	(340,465)	(1,691,260)
Net Realized Gain from Security Transactions	(17,091,338)	(54,019,406)
Change in Net Assets from Distributions	(17,431,803)	(55,710,666)
From Capital Share Transactions:		
Proceeds From Sale of Shares	113,041,099	145,931,898
Proceeds From Redemption Fees (Note 2)	15,791	13,968
Shares Issued on Reinvestment of Dividends	16,310,780	51,697,184
Cost of Shares Redeemed	(199,587,034)	(367,187,130)
Net Increase (Decrease) from Shareholder Activity	(70,219,364)	(169,544,080)
Net Increase (Decrease) in Net Assets	110,862,732	(333,058,497)
Net Assets at Beginning of Period	494,712,056	827,770,553
Net Assets at End of Period (Including Accumulated Undistributed Net Investment Income (Loss) of (\$282,715) and \$277,077)	<u>\$ 605,574,788</u>	<u>\$ 494,712,056</u>
Share Transactions:		
Issued	6,026,724	7,057,446
Reinvested	721,716	2,884,887
Redeemed	(10,558,715)	(18,395,606)
Net Increase (Decrease) in Shares	(3,810,275)	(8,453,273)
Shares Outstanding Beginning of Period	31,182,272	39,635,545
Shares Outstanding End of Period	<u>27,371,997</u>	<u>31,182,272</u>

Financial Highlights

Selected data for a share outstanding throughout the period:

	2/1/2016 to 1/31/2017	2/1/2015 to 1/31/2016	2/1/2014 to 1/31/2015	2/1/2013 to 1/31/2014	2/1/2012 to 1/31/2013
Net Asset Value -					
Beginning of Period	\$ 15.87	\$ 20.88	\$ 23.08	\$ 20.04	\$ 16.10
Net Investment Income (Loss) ^(a)	(0.01)	0.06	(0.02)	(0.06)	0.03
Net Gain (Loss) on Securities (Realized and Unrealized) ^(b)	6.90	(3.25)	0.93	4.29	4.64
Total from Investment Operations	6.89	(3.19)	0.91	4.23	4.67
Distributions (From Net Investment Income)	(0.01)	(0.05)	-	-	(0.02)
Distributions (From Realized Capital Gains)	(0.63)	(1.77)	(3.11)	(1.19)	(0.71)
Total Distributions	(0.64)	(1.82)	(3.11)	(1.19)	(0.73)
Proceeds from Redemption Fees (Note 2)	- +	- +	- +	- +	- +
Net Asset Value -					
End of Period	<u>\$ 22.12</u>	<u>\$ 15.87</u>	<u>\$ 20.88</u>	<u>\$ 23.08</u>	<u>\$ 20.04</u>
Total Return ^(c)	43.33%	(16.27)%	3.23%	20.82%	29.27%
Ratios/Supplemental Data					
Net Assets - End of Period (Thousands)	\$605,575	\$494,712	\$827,771	\$831,568	\$647,734
Ratio of Expenses to Average Net Assets	1.27%	1.25%	1.23%	1.24%	1.30%
Ratio of Net Investment Income (Loss) to Average Net Assets	-0.05%	0.27%	-0.09%	-0.24%	0.15%
Portfolio Turnover Rate	39.17%	53.20%	69.42%	69.87%	52.63%

+ Amount calculated is less than \$0.005.

(a) Per share amounts were calculated using the average shares method.

(b) Realized and unrealized gains and losses per share in this caption are balancing amounts necessary to reconcile the change in net asset value for the period and may not reconcile with the aggregate gains and losses in the Statement of Operations due to share transactions for the period.

(c) 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 and distributions.

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

WALTHAUSEN SMALL CAP VALUE FUND

January 31, 2017

1.) ORGANIZATION

Walthausen Small Cap Value Fund (the "Fund") was organized as a diversified series of the Walthausen Funds (the "Trust") on January 14, 2008. The Trust is registered as an open-end investment company under the Investment Company Act of 1940, as amended (the "1940 Act"). The Trust was organized in Ohio as a business trust on October 10, 2007 and may offer an unlimited number of shares of beneficial interest in a number of separate series, each series representing a distinct fund with its own investment objectives and policies. The Fund commenced operations on February 1, 2008. As of January 31, 2017, there were two series authorized by the Trust. The Fund's investment objective is to seek long-term capital appreciation. The investment advisor to the Fund is Walthausen & Co., LLC (the "Advisor").

After December 31, 2012, the Fund closed to new investors. However, the Board of Trustees of the Fund approved the re-opening of the Fund to new investors and new accounts effective March 1, 2016.

2.) SIGNIFICANT ACCOUNTING POLICIES

SECURITY VALUATION

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946 Financial Services - Investment Companies. All investments in securities are recorded at their estimated fair value, as described in Note 3.

FEDERAL INCOME TAXES

The Fund's policy is to continue to comply with the requirements of the Internal Revenue Code that are applicable to regulated investment companies and to distribute all of its taxable income to shareholders. Therefore, no federal income tax provision is required. It is the Fund's policy to distribute annually, prior to the end of the calendar year, dividends sufficient to satisfy excise tax requirements of the Internal Revenue Code. This Internal Revenue Code requirement may cause an excess of distributions over the book year-end accumulated income. In addition, it is the Fund's policy to distribute annually, after the end of the fiscal year, any remaining net investment income and net realized capital gains.

The Fund recognizes the tax benefits of certain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Fund's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for the open tax years. The Fund identifies its major tax jurisdictions as U.S. Federal and State tax authorities; however, the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statement of operations. During the fiscal year ended January 31, 2017, the Fund did not incur any interest or penalties.

SHARE VALUATION

The net asset value per share of the Fund is calculated daily by dividing the total value of the Fund's assets, less liabilities, by the number of shares outstanding, rounded to the nearest cent. The offering and redemption price per share is equal to the net asset value per share, except that shares of the Fund are subject to a redemption fee of 2% if redeemed after holding them for 90 days or less. During the fiscal year ended January 31, 2017, proceeds from redemption fees amounted to \$15,791.

Notes to Financial Statements - continued

DISTRIBUTIONS TO SHAREHOLDERS

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, expense, 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 value per share of the Fund. As of January 31, 2017, paid in capital was increased by \$2,599,118, accumulated undistributed realized gain (loss) on investments – net was decreased by \$2,634,311, and accumulated undistributed net investment income (loss) was increased by \$35,193 due to distribution adjustments and the usage of equalization for tax purposes.

USE OF ESTIMATES

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), which 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.

OTHER

The Fund records security transactions based on the trade date for financial reporting purposes. Dividend income is recognized on the ex-dividend date. Interest income is recognized on an accrual basis. The Fund uses the specific identification method in computing gain or loss on the sale of investment securities. Discounts and premiums on securities purchased are amortized over the life of the respective securities. 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 Fund may hold investments in master limited partnerships (“MLPs”). It is common for distributions from MLPs to exceed taxable earnings and profits. In such instances, the excess portion of such distributions are classified as a return of capital. Annually, income or loss from each MLP is reclassified upon receipt of the MLP's K-1. For financial reporting purposes, management does not estimate the tax character of MLP distributions for which actual information has not been reported.

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 an appropriate basis.

3.) SECURITIES VALUATIONS

The Fund utilizes various methods to measure the fair value of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 - Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 - Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

Notes to Financial Statements - continued

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized as level 3.

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.

FAIR VALUE MEASUREMENTS

A description of the valuation techniques applied to the Fund's major categories of assets and liabilities measured at fair value on a recurring basis follows.

Equity securities (common stocks, including MLPs). Equity securities generally are 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 accurately reflect the fair market value of such securities. Securities that are traded on any stock exchange or on the NASDAQ over-the-counter market are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an equity security is generally valued by the pricing service at its last bid price. Generally, if the security is traded in an active market and is valued at the last sale price, the security is categorized as a level 1 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 market value, or when restricted securities are being valued, such securities are valued as determined in good faith by the Advisor, subject to review of the Board of Trustees (the "Trustees" or the "Board") and are categorized in level 2 or level 3, when appropriate.

Money market funds. Shares of money market funds are valued at the net asset value and are classified as level 1 of the fair value hierarchy.

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. There is no single procedure for determining fair value, since 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.

The following table summarizes the inputs used to value the Fund's assets measured at fair value as of January 31, 2017:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$577,995,521	\$1,725,000	\$0	\$579,720,521
Money Market Funds	<u>22,900,785</u>	<u>0</u>	<u>0</u>	<u>22,900,785</u>
Total	\$600,896,306	\$1,725,000	\$0	\$602,621,306

Refer to the Fund's Schedule of Investments for a listing of securities by industry. The Fund did not hold any level 3 assets during the fiscal year ended January 31, 2017. There were no transfers into or out of the levels during the fiscal year ended January 31, 2017. It is the Fund's policy to consider transfers into or out of the levels as of the end of the reporting period.

Notes to Financial Statements - continued

The Fund did not invest in any derivative instruments during the fiscal year ended January 31, 2017.

4.) INVESTMENT ADVISORY AGREEMENT AND RELATED PARTY TRANSACTIONS

The Trust, on behalf of the Fund, has entered into an investment advisory agreement ("Management Agreement") with the Advisor. The Advisor manages the investment portfolio of the Fund, subject to policies adopted by the Trust's Board of Trustees, and, at its own expense and without reimbursement from the Trust, furnishes office space and all necessary office facilities, equipment and executive personnel necessary for managing the Fund. For its services, the Advisor received an investment management fee equal to 1.00% of the average daily net assets of the Fund.

Under the terms of the Services Agreement between the Trust, on behalf of the Fund, and the Advisor (the "Services Agreement"), the Advisor is obligated to pay the operating expenses of the Fund excluding management fees, any 12b-1 fees, brokerage fees and commissions, taxes, borrowing costs (such as (a) interest and (b) dividend expenses on securities sold short), fees and expenses of acquired funds, extraordinary or non-recurring expenses as may arise, including litigation to which the Fund may be a party and indemnification of the Trust's Trustees and officers. For its services, the Advisor receives service fees equal to an annual rate of 0.45% of the Fund's average daily net assets up to \$100 million, 0.25% of the Fund's average daily net assets between \$100 million and \$500 million, and 0.15% of such assets in excess of \$500 million.

For the fiscal year ended January 31, 2017, the Advisor earned management fees totaling \$5,514,052, of which \$519,815 was due to the Advisor at January 31, 2017. For the same period, the Advisor earned service fees of \$1,525,903, of which \$137,464 was due to the Advisor at January 31, 2017.

Certain officers and a shareholder of the Advisor are also officers and/or a Trustee of the Trust. These individuals may receive benefits from the Advisor resulting from management and services fees paid to the Advisor by the Fund.

The Trustees who are not interested persons of the Fund were each paid \$4,000, for a total of \$12,000, in Trustees' fees plus travel and related expenses for the fiscal year ended January 31, 2017 for their services to the Fund. The Advisor pays these fees pursuant to the Services Agreement.

5.) CAPITAL SHARES

The Trust is authorized to issue an unlimited number of shares of beneficial interest without par value. Paid in capital at January 31, 2017 was \$461,985,957 representing 27,371,997 shares outstanding.

6.) PURCHASES AND SALES OF SECURITIES

For the fiscal year ended January 31, 2017, purchases and sales of investment securities other than U.S. Government obligations and short-term investments aggregated \$206,721,866 and \$300,451,208, respectively. Purchases and sales of U.S. Government obligations aggregated \$0 and \$0, respectively.

7.) CONTROL OWNERSHIP

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of a fund, under Section 2(a)(9) of the 1940 Act. As of January 31, 2017, Charles Schwab & Co., Inc. located at 101 Montgomery Street, San Francisco, California, for the benefit of its clients, and NFS, LLC located at 200 Liberty Street, New York, New York, for the benefit of its clients, held, in aggregate, 33.28% and 49.37%, respectively, of the shares of the Fund, and therefore each may be deemed to control the Fund.

Notes to Financial Statements - continued

8.) TAX MATTERS

For Federal income tax purposes, the cost of investments owned at January 31, 2017 was \$473,579,743. At January 31, 2017, the composition of unrealized appreciation (the excess of value over tax cost) and depreciation (the excess of tax cost over value) was as follows:

<u>Appreciation</u>	<u>(Depreciation)</u>	<u>Net Appreciation (Depreciation)</u>
\$155,033,990	(\$25,992,427)	\$129,041,563

Distributions paid from:

	<u>Fiscal Year Ended January 31, 2017</u>	<u>Fiscal Year Ended January 31, 2016</u>
Ordinary Income	\$ 315,160	\$ 1,691,260
Short-Term Capital Gain	–	4,085,938
Long-Term Capital Gain	<u>17,116,643</u>	<u>49,933,468</u>
	<u>\$ 17,431,803</u>	<u>\$ 55,710,666</u>

As of January 31, 2017, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

Deferred late-year ordinary losses	\$ (282,715)
Undistributed long-term capital gains	14,829,983
Unrealized appreciation on investments – net	<u>129,041,563</u>
	<u>\$143,588,831</u>

Book to tax differences are primarily attributable to the tax deferral of wash sales and partnership adjustments.

9.) SUBSEQUENT EVENTS

Subsequent events after the date of the Statement of Assets and Liabilities have been evaluated through the date the financial statements were issued. Management has concluded that there is no impact requiring adjustment or disclosure in the financial statements.

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ADDITIONAL INFORMATION

January 31, 2017

(UNAUDITED)

APPROVAL OF INVESTMENT ADVISORY AGREEMENT

On January 17, 2017 the Board of Trustees (the "Trustees" or the "Board") considered the renewal of the Management Agreement (the "Agreement") between the Trust and the Advisor (or "Management"), on behalf of the Walthausen Small Cap Value Fund ("Small Cap"). In reviewing the Agreements, the Board of Trustees received materials from the Advisor addressing the following factors: (i) the investment performance of each Fund and the Advisor; (ii) the nature, extent and quality of the services provided by the Advisor to each Fund; (iii) the cost of the services provided and the profits realized by the Advisor and its affiliates from the relationship with each Fund; (iv) the extent to which economies of scale will be realized as each Fund grows; and (v) whether the fee levels reflect these economies of scale to the benefit of shareholders.

The Board met with representatives of the Advisor to discuss the terms of the Agreement. The Board reviewed the history of the Advisor, including background and investment management experience, as well as the Fund's performance since inception, important factors relating to the Fund's performance, the Advisor's investment and research strategy, the Advisor's strength of personnel, and expected expenses and revenue from the Fund.

As to the performance of Small Cap, the materials included information regarding the Fund's performance compared to a peer group of similar funds as well as the overall Morningstar Small Value category and the Russell 2000® Value Index. The Trustees discussed that the data showed the Fund slightly underperformed the index for the 1-year period ended December 31, 2016 but outperformed its peer group and Morningstar category average for the same period. The data also showed that the Fund outperformed its peer group, category and the index for the longer-term period of 5-years, and outperformed the index since inception through the period ended December 31, 2016. The Board noted that the Fund's long-term performance continued to be very strong. Based on this review, the Independent Trustees concluded that the performance of the Advisor with respect to the Fund was acceptable.

As to the nature, extent and quality of the services provided by the Advisor, the Board analyzed the Advisor's experience and capabilities. The Board discussed the Advisor's financial condition, the portfolio manager's background and investment management experience. The Board was pleased with the Advisor's steps to address the continuity and depth of the advisory team and with the additional personal resources of the Advisor. It was also noted that employees continued to increase equity positions within the Advisor which further strengthens the management team's commitment to the stability and ongoing continuity of the firm and Fund operations. The representatives of the Advisor reviewed and discussed with the Board the Advisor's ADV and the Rule 17j-1 Code of Ethics certifications. The Board discussed the quality of the Advisor's compliance efforts. The Board also reviewed the Advisor's financial condition. The Board concluded that the nature and extent of the services provided by the Advisor were consistent with their expectations, that they were pleased and satisfied with the quality of services provided by the Advisor, and believe that the Advisor has the resources to meet its obligations under the Agreement.

As to the cost of the services provided and the profits realized by the Advisor and its affiliates from the relationship with the Fund, it was noted that the Advisor is paying substantially all ordinary operating expenses of the Fund pursuant to the Services Agreement. Additionally, the Advisor provides the Fund with officers, including the CCO, marketing support and office space. The Board discuss that, under the Services Agreement, the Fund accrues a fee at an annual rate of 0.45% on the Fund's average daily net assets up to \$100 million, net assets between \$100 million and \$500 million are charged 0.25%, and the Services Agreement fee for average daily net assets in excess of \$500 million are reduced to 0.15%. The Board reviewed the revenue and expenses related to the Services Agreement noting that there had been a slight loss to the Advisor during the year. The Board reviewed a summary of the Advisor's profitability resulting from the services provided to Small Cap under the Agreement. The analysis showed the net profits from portfolio advisory services as well as the net profits overall. As part of the discussion by the Trustees, it was noted that a portion of the amounts paid to broker dealers were allocated as sub-transfer agency/shareholder servicing services that were provided by the broker dealers to the shareholders of the Fund, pursuant to the

Additional Information (Unaudited) - continued

Services Agreement between the Advisor and the Fund, while the balance of the compensation paid to the broker dealers was paid by the Advisor from its own legitimate profits. The Board concluded that the Advisor's profitability was at an acceptable level, particularly in light of the extent and quality of the services being provided to the Fund. The Board noted that overall the Advisor was properly incentivized to provide high quality services to the benefit of shareholders.

Turning to the level of expenses, the Board reviewed a comparative analysis of advisory fees and expense ratios based on publicly available data that was drawn from its peer group. It was also noted that the Advisor is responsible under the Services Agreement for paying nearly all of the Fund's ordinary expenses. The data showed that the Fund's net expense ratio was higher than the average net expense ratio for the peer group, but within the range of its peers. The Board also noted that the Fund's net expense ratio was below the Morningstar category average. Additionally, it was noted that the management fee was above the peer group average and Morningstar category average, but also within the range of its peers. The Trustees reviewed information regarding fees charged by the Advisor for other client relationships. A representative of the Advisor noted that a number of the investment advisory relationships are in a sub-advisory capacity and consequently not comparable to the services provided to the Fund. The Trustees discussed the soft dollar benefits that the Advisor receives from Fund trades. Having considered the comparative data as described above, and in light of extensive bottom-up research conducted by the Advisor to execute the strategy, the Board concluded that the Fund's management fee was reasonable.

As for potential economies of scale, the Board discussed and considered information regarding whether economies of scale have been realized with respect to the management of the Fund, whether the Fund has appropriately benefited from any economies of scale, and whether there is potential for realization of any further economies of scale. The Board noted that the Advisor agreed to breakpoints to the Services Agreement, therefore, as the Fund grows shareholders benefit from economies of scale. Additionally, the Trustees considered that from December 31, 2012 through February 29, 2016, the Fund was closed to new investors with certain exceptions, but that effective March 1, 2016, the Board had approved re-opening the Fund to new investors. Therefore, Fund assets can grow through appreciation and shareholder subscription. The Trustees concluded that the breakpoints in the Services Agreement provide appropriate economies of scale to the shareholder. They concluded that breakpoints in the advisory fee were not necessary at this time.

The Independent Trustees reported that after further consideration, they were pleased with the performance of the Advisor. It was the consensus of the Trustees, including the Independent Trustees, that renewal of the Agreement would be in the best interests of the Fund and its shareholders.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Trustees of
Walthausen Funds

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Walthausen Small Cap Value Fund (the "Fund"), a series of Walthausen Funds, as of January 31, 2017, 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 January 31, 2017, by correspondence with the custodian and brokers. 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 Walthausen Small Cap Value Fund as of January 31, 2017, 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 & COMPANY, LTD.
Cleveland, Ohio
March 23, 2017

TRUSTEES AND OFFICERS (Unaudited)

The Board of Trustees supervises the business activities of the Trust. The names of the Trustees and executive officers of the Trust are shown below. Each Trustee serves until the Trustee sooner dies, resigns, retires or is removed. Officers hold office for one year and until their respective successors are chosen and qualified.

The Trustees and Officers of the Trust and their principal business activities during the past five years are:

Interested Trustees and Officers

<u>Name, Address⁽¹⁾, and Year of Birth</u>	<u>Position with the Trust</u>	<u>Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios Overseen By Trustee</u>	<u>Other Directorships Held By Trustee</u>
John B. Walthausen Sr. ⁽²⁾ Year of Birth: 1945	President and Trustee	Since 2007	Managing Director, Walthausen & Co., LLC 9/1/07 to Present.	2	None
Mark L. Hodge Year of Birth: 1958	Secretary and Chief Compliance Officer	Since 2008	Chief Compliance Officer (2007 to Present) and Managing Director (2013 to Present), Walthausen & Co., LLC.	N/A	N/A
Stanley M. Westhoff Jr. Year of Birth: 1969	Treasurer	Since 2011	Equity Analyst (2007 to Present) and Managing Director (2013 to Present), Walthausen & Co., LLC.	N/A	N/A

(1) The address of each Trustee and Officer is c/o Walthausen Funds, 2691 Route 9, Suite 102, Malta, NY 12020.

(2) John B. Walthausen is considered an "interested person" as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended, by virtue of his affiliation with the Advisor.

Independent Trustees

<u>Name, Address⁽¹⁾, and Year of Birth</u>	<u>Position with the Trust</u>	<u>Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios Overseen By Trustee</u>	<u>Other Directorships Held By Trustee</u>
Edward A. LaVarnway Year of Birth: 1951	Independent Trustee	Since 2008	Retired as of 5/10/13. Executive Director, Fredric Remington Art Museum, 8/15/05 to 5/10/13.	2	None
Hany A. Shawky Year of Birth: 1947	Independent Trustee	Since 2009	Professor of Finance at the University at Albany, N.Y. Oct. 2007 to present.	2	None
John P. Mastriani Year of Birth: 1952	Independent Trustee	Since July 2014	Executive Vice President of The Ayco Company, L.P. ("Ayco") a Goldman Sachs Company that provides financial consulting and education services, May 2012-March 2014. Senior Vice President of Ayco, December 2003-May 2012.	2	None

(1) The address of each Trustee and Officer is c/o Walthausen Funds, 2691 Route 9, Suite 102, Malta, NY 12020.

The Statement of Additional Information contains additional and more detailed information about the Trustees and is available without charge by calling the transfer agent at 1-888-925-8428.

Board of Trustees

Edward A. LaVarnway
John P. Mastriani
Hany A. Shawky
John B. Walthausen

Investment Advisor and Administrator

Walthausen & Co., LLC

Legal Counsel

Thompson Hine LLP

Custodian

US Bank, N.A.

**Dividend Paying Agent,
Shareholders' Servicing Agent,
Transfer Agent**

Ultimus Fund Solutions, LLC

Sub-Administrator

Premier Fund Solutions, Inc.

Independent Registered Public Accounting Firm

Cohen & Company, Ltd.

Distributor

Rafferty Capital Markets, LLC

This report is provided for the general information of the shareholders of the Walthausen Small Cap Value Fund. This report is not intended for distribution to prospective investors in the Fund, unless preceded or accompanied by an effective prospectus.

WALTHAUSEN SMALL CAP VALUE FUND

2691 Route 9, Suite 102
Malta, NY 12020