

# WALTHAUSEN SMALL CAP VALUE FUND

INSTITUTIONAL CLASS TICKER WFICX

INVESTOR CLASS TICKER WSCVX

For Investors Seeking Long-Term Capital Appreciation

**SEMI-ANNUAL REPORT**

July 31, 2020

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**IMPORTANT NOTE:** Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will 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 elect to receive shareholder reports and other communications from the Fund or your financial intermediary electronically by calling or sending an email request.

You may elect to receive all future reports in paper free of charge. You can inform the Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by calling or sending an email request. Your election to receive reports in paper will apply to all funds held with the fund complex/your financial intermediary.

**Walthausen Small Cap Value Fund**  
**Semi-Annual Report**  
**July 31, 2020**

Dear Fellow Shareholders,

No point in putting lipstick on the pig! I have been commenting for quite a while on the tide of investment money running in favor of the very large growth stocks. That tide is still running. We applaud and are comforted by the numerous articles which point out the disparity of valuation between growth and value stocks has never been greater. If you want to read a very comprehensive but readable analysis, I refer you to Robert Arnott's "Reports of Value's Death May be Greatly Exaggerated". He looks at the variety of valuation factors and analyses proposed causes of Value's demise and reaches the clear conclusion that growth stocks have never been so overvalued. Yet, the march of growth stocks continues unchecked, and as growth works, we witness the steady sucking of capital out of value funds. Adam Smith's fabled "invisible hand" which we are taught will guide markets to rational decisions is vacationing somewhere and apparently stymied by the pandemic and cannot get back. Well folks, let's pull back the curtain. The market is driven by the enthusiasms of people. A common-sense investor yesterday asked me "well when will this reverse"? I am not sure but my experience in similar circumstances is not until the last value investor has capitulated or retreated into silence. Then, when there are no more investors coming on the sidelines ready to buy more growth stocks, and when the market is being stuffed with IPOs of declining quality, will the market shift? I leave it to you dear reader to decide whether we are close.

In this environment, we find it difficult to show the strong performance that we enjoyed in the Fund's earlier years. The basics of stock markets are remarkably simple. What keeps a stock alive? It lives on buyers. If there are buyers around they will be sniffing around for new stocks to buy; then they buy and the stock goes up. Our art has always been to apply diligent and thoughtful analysis to finding those stocks that will attract buyers. That has brought us good returns over the long term, but now with money continuing to be allocated away from small cap value as investors have learned that growth is all that matters, and profitability is of marginal value, our results have suffered. It is not that we do not have stocks that have appreciated nicely, but the fact is that most of our holdings have languished. The net result is that for the six months ended July 31, our fund returned -17.45% for the investor class compared to -17.47% for our benchmark, the Russell 2000 Value Index.

We are not satisfied with these results. We continue to tighten our process but we have not abandoned our core belief. We do know that the stocks of companies where they are showing improving profitability, have a clear ability to reinvest excess capital, and are selling at a discount valuation, will do well over the long run. We are in it for the long run.

Regards,

John B. Walthausen CFA  
Chief Investment Officer, Portfolio Manager

*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](http://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)**

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## **PERFORMANCE INFORMATION**

**7/31/2020 Investor Class NAV \$15.52**

**7/31/2020 Institutional Class NAV \$15.57**

### **AVERAGE ANNUAL RATE OF RETURN (%) FOR THE PERIODS ENDED JULY 31, 2020**

	<u>1 Year</u> <sup>(A)</sup>	<u>3 Years</u> <sup>(A)</sup>	<u>5 Years</u> <sup>(A)</sup>	<u>10 Years</u> <sup>(A)</sup>
<b>Walthausen Small Cap Value Fund- Investor Class</b>	-16.85%	-6.07%	0.50%	7.49%
<b>Russell 2000® Value Index</b> <sup>(B)</sup>	-15.19%	-3.90%	2.24%	7.30%

	<u>1 Year</u> <sup>(A)</sup>	<u>Since Inception</u> <sup>(A)</sup>
<b>Walthausen Small Cap Value Fund - Institutional Class</b>	-16.61%	-3.11%
<b>Russell 2000® Value Index</b> <sup>(B)</sup>	-15.19%	-2.83%

### **Annual Fund Operating Expense Ratios (from 6/1/2020 Prospectus):**

**Institutional Class - Gross 1.30%, Net 0.98%**

**Investor Class - Gross 1.30%, Net 1.21%**

The Advisor reimbursed and/or waived certain expenses of the Fund's Institutional and Investor Classes. Absent that arrangement, the performance of the Classes would have been lower.

Each Class's expense ratios for the six month period ended July 31, 2020 can be found in the financial highlights included in this report. Both share classes have a 2.00% redemption fee on shares redeemed within 90 days of purchase or less.

The Annual Fund Operating Expense Ratios reported above may not correlate to the expense ratios in the Fund's financial highlights because (a) the financial highlights include only the direct operating expenses incurred by the Fund, not the indirect costs of investing in acquired funds; and (b) the impact of breakpoints in expenses charged and the application of waivers as described in Note 4.

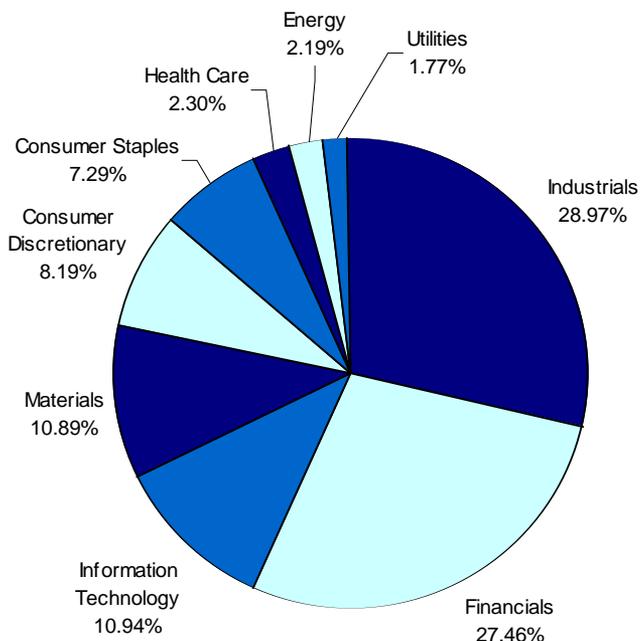
<sup>(A)</sup>1 Year, 3 Years, 5 Years, 10 Years and Since Inception returns include changes in share prices and in each case includes reinvestment of any dividends and capital gain distributions. The inception date of the Walthausen Small Cap Value Fund Investor Class was February 1, 2008. Institutional Class commenced operations on December 31, 2018.

<sup>(B)</sup>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. Investors cannot directly invest in an index.

**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 (Unaudited)

### WALTHAUSEN SMALL CAP VALUE FUND by Sectors as of July 31, 2020 (as a percentage of Total Common Stocks)



### 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-PORT. The Fund's Form N-PORT is available on the SEC's website at <http://www.sec.gov>.

### 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](http://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 February 1, 2020 and held through July 31, 2020.

### Actual Expenses

The first line of each 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 each 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 each 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.

#### Investor Class

	Beginning Account Value <u>February 1, 2020</u>	Ending Account Value <u>July 31, 2020</u>	Expenses Paid During the Period* February 1, 2020 to July 31, 2020
Actual	\$1,000.00	\$825.53	\$5.49
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,018.85	\$6.07

\* Expenses are equal to the Fund's annualized expense ratio of 1.21%, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half year period).

Institutional Class

	Beginning Account Value <u>February 1, 2020</u>	Ending Account Value <u>July 31, 2020</u>	Expenses Paid During the Period* February 1, 2020 <u>to July 31, 2020</u>
Actual	\$1,000.00	\$826.87	\$4.45
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,019.99	\$4.92

\* Expenses are equal to the Fund's annualized expense ratio of 0.98%, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half year period).

# Walthausen Small Cap Value Fund

## Schedule of Investments July 31, 2020 (Unaudited)

Shares	Fair Value	% of Net Assets
<b>COMMON STOCKS</b>		
<b>Blankbooks, Looseleaf Binders &amp; Bookbindg &amp; Relatd Work</b>		
104,050 Deluxe Corporation	\$ 2,937,332	1.62%
<b>Broadwoven Fabric Mills, Man Made Fiber &amp; Silk</b>		
49,380 Albany International Corp. - Class A	2,374,190	1.31%
<b>Canned, Fruits, Vegetables, Preserves, Jams &amp; Jellies</b>		
407,307 Landec Corporation *	3,844,978	2.12%
<b>Construction - Special Trade Contractors</b>		
142,790 Ameresco, Inc. - Class A *	3,952,427	2.18%
<b>Crude Petroleum &amp; Natural Gas</b>		
680,450 Southwestern Energy Company *	1,653,494	0.91%
<b>Deep Sea Foreign Transportation of Freight</b>		
71,210 SEACOR Holdings Inc. *	2,070,787	1.14%
<b>Electric, Gas &amp; Sanitary Services</b>		
1,541,100 Atlantic Power Corporation *	3,020,556	1.67%
<b>Electric Lighting &amp; Wiring Equipment</b>		
111,960 AZZ Inc.	3,535,697	1.95%
<b>Electromedical &amp; Electrotherapeutic Apparatus</b>		
50,670 Natus Medical Incorporated *	941,449	0.52%
<b>Electronic Components &amp; Accessories</b>		
133,369 Vishay Intertechnology Inc.	2,092,560	1.16%
<b>Electronic Connectors</b>		
44,070 Methode Electronics, Inc. - Class A	1,242,774	0.69%
<b>Fats &amp; Oils</b>		
236,350 Darling Ingredients Inc. *	6,601,255	3.65%
<b>Heavy Construction Other Than Building Construction - Contractors</b>		
521,866 Great Lakes Dredge & Dock Corporation *	4,362,800	
530,305 Williams Industrial Services Group Inc. *	694,700	
	5,057,500	2.80%
<b>Household Audio &amp; Video Equipment</b>		
130,650 Knowles Corporation *	1,993,719	
106,878 Universal Electronics Inc. *	4,923,869	
	6,917,588	3.82%
<b>Household Furniture</b>		
162,213 Kimball International, Inc. - Class B	1,774,610	0.98%
<b>Instruments for Measuring &amp; Testing of Electricity &amp; Electric Signals</b>		
73,777 Allied Motion Technologies, Inc.	2,781,393	1.54%
<b>Metal Cans</b>		
118,780 Silgan Holdings Inc.	4,543,335	2.51%
<b>Metal Forgings &amp; Stampings</b>		
94,658 Materion Corporation	5,435,262	3.00%
<b>Miscellaneous Electrical Machinery, Equipment &amp; Supplies</b>		
61,627 Atkore International Group Inc. *	1,643,592	0.91%
<b>Motors &amp; Generators</b>		
29,200 Regal Beloit Corporation	2,685,524	1.48%
<b>National Commercial Banks</b>		
109,101 Camden National Corporation	3,457,411	
63,378 City Holding Company	3,958,590	
72,570 Community Bank System Inc.	4,080,611	
117,740 NBT Bancorp Inc.	3,507,475	
68,624 Pinnacle Financial Partners, Inc.	2,718,883	
	17,722,970	9.79%

\* Non-Income Producing Securities.

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

# Walthausen Small Cap Value Fund

## Schedule of Investments July 31, 2020 (Unaudited)

Shares	Fair Value	% of Net Assets
<b>COMMON STOCKS</b>		
<b>Office Furniture (No Wood)</b>		
91,870 HNI Corporation	\$ 2,728,539	1.51%
<b>Operative Builders</b>		
43,629 M/I Homes, Inc. *	1,816,275	1.00%
<b>Ordnance &amp; Accessories, (No Vehicles/Guided Missiles)</b>		
314,673 Vista Outdoor Inc. *	5,396,642	2.98%
<b>Printed Circuit Boards</b>		
200,189 Kimball Electronics, Inc. *	2,658,510	
37,830 Sanmina Corporation *	1,122,794	
	3,781,304	2.09%
<b>Pulp Mills</b>		
443,041 Mercer International Inc. (Canada)	3,300,655	1.82%
<b>Railroad Equipment</b>		
314,140 Freightcar America, Inc.	502,624	0.28%
<b>Retail - Catalog &amp; Mail-Order Houses</b>		
91,170 PC Connection, Inc. *	3,984,129	2.20%
<b>Retail - Retail Stores, NEC</b>		
63,960 1-800-Flowers.com, Inc. - Class A *	1,806,870	1.00%
<b>Sanitary Services</b>		
164,166 Heritage-Crystal Clean, Inc. *	2,286,832	1.26%
<b>Savings Institution, Federally Chartered</b>		
164,993 OceanFirst Financial Corp.	2,527,693	1.40%
<b>Semiconductors &amp; Related Devices</b>		
160,730 Kulicke and Soffa Industries, Inc. (Singapore)	3,809,301	2.11%
<b>Services - Equipment Rental &amp; Leasing, NEC</b>		
60,773 McGrath RentCorp	3,526,049	1.95%
<b>Services - Help Supply Services</b>		
273,810 Kelly Services, Inc. - Class A	4,055,126	2.24%
<b>Services - Management Consulting Services</b>		
125,190 The Hackett Group, Inc.	1,726,370	0.95%
<b>Services - Specialty Outpatient Facilities, NEC</b>		
70,200 BioTelemetry, Inc. *	2,987,712	1.65%
<b>Services - To Dwellings &amp; Other Buildings</b>		
108,243 ABM Industries Incorporated	3,885,924	2.15%
<b>Soap, Detergents, Cleaning Preparations, Perfumes, Cosmetics</b>		
48,153 Stepan Company	5,258,308	2.91%
<b>State Commercial Banks</b>		
95,750 Bryn Mawr Bank Corp.	2,493,330	
125,110 First Bancorp	2,584,773	
100,489 First Financial Corporation	3,359,347	
44,315 Great Southern Bancorp, Inc.	1,598,442	
62,559 Heartland Financial USA, Inc.	1,954,343	
86,895 Lakeland Financial Corporation	3,845,973	
108,050 Stock Yards Bancorp, Inc.	4,223,674	
95,810 TriCo Bancshares	2,682,680	
	22,742,562	12.57%
<b>Title Insurance</b>		
90,740 Stewart Information Services Corporation	3,806,543	2.10%
<b>Truck &amp; Bus Bodies</b>		
119,311 Miller Industries, Inc.	3,382,467	1.87%

\* Non-Income Producing Securities.

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

# Walthausen Small Cap Value Fund

Shares	Schedule of Investments	
	Fair Value	% of Net Assets
<b>COMMON STOCKS</b>		
<b>Wholesale - Farm Product Raw Materials</b>		
87,810 The Andersons, Inc.	\$ 1,248,658	0.69%
<b>Wholesale - Industrial Machinery &amp; Equipment</b>		
58,920 DXP Enterprises, Inc. *	994,570	
88,400 Systemax Inc.	1,981,044	
	<u>2,975,614</u>	1.64%
<b>Total for Common Stocks (Cost \$151,062,193)</b>	170,365,470	94.12%
<b>REAL ESTATE INVESTMENT TRUSTS</b>		
445,070 UMH Properties, Inc.	5,474,361	3.03%
<b>(Cost \$6,074,973)</b>		
<b>MONEY MARKET FUNDS</b>		
5,567,824 Fidelity Investments Money Market Government Portfolio - Class I 0.05% **	5,567,824	3.08%
<b>(Cost \$5,567,824)</b>		
<b>Total Investment Securities</b>	181,407,655	100.23%
<b>(Cost \$162,704,990)</b>		
<b>Liabilities in Excess of Other Assets</b>	(422,900)	-0.23%
<b>Net Assets</b>	<u>\$ 180,984,755</u>	<u>100.00%</u>

\* Non-Income Producing Securities.

\*\* The rate shown represents the 7-day yield at July 31, 2020.

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

# Walthausen Small Cap Value Fund

## Statement of Assets and Liabilities (Unaudited) July 31, 2020

Assets:	
Investment Securities at Fair Value	\$ 181,407,655
(Cost \$162,704,990)	
Receivable for Dividends	122,979
Receivable for Shareholder Subscriptions	69,150
Total Assets	<u>181,599,784</u>
Liabilities:	
Payable for Securities Purchased	198,316
Payable for Shareholder Redemptions	247,575
Payable to Advisor for Management Fees (Note 4)	152,698
Payable to Advisor for Service Fees (Note 4)	16,440
Total Liabilities	<u>615,029</u>
Net Assets	<u>\$ 180,984,755</u>
Net Assets Consist of:	
Paid In Capital	\$ 182,642,259
Accumulated Deficit	(1,657,504)
Net Assets	<u>\$ 180,984,755</u>
Investor Class	
Net Assets	\$ 79,634,657
Shares Outstanding	
(Unlimited shares authorized)	5,130,444
Net Asset Value and Offering Price Per Share	<u>\$ 15.52</u>
Redemption Price Per Share (\$15.52 x 0.98) (Note 2)	<u>\$ 15.21</u>
Institutional Class	
Net Assets	\$ 101,350,098
Shares Outstanding	
(Unlimited shares authorized)	6,511,061
Net Asset Value and Offering Price Per Share	<u>\$ 15.57</u>
Redemption Price Per Share (\$15.57 x 0.98) (Note 2)	<u>\$ 15.26</u>

## Statement of Operations (Unaudited) For the six month period ended July 31, 2020

Investment Income:	
Dividends (Net of foreign withholding tax of \$0)	\$ 1,865,699
Total Investment Income	1,865,699
Expenses:	
Management Fees (Note 4)	1,047,490
Service Fees (Note 4)	361,327
Total Expenses	<u>1,408,817</u>
Less: Waived Management and Service Fees (Note 4)	<u>(260,465)</u>
Net Expenses	<u>1,148,352</u>
Net Investment Income (Loss)	717,347
Realized and Unrealized Gain (Loss) on Investments:	
Net Realized Gain (Loss) on Investments	(7,317,274)
Net Change In Unrealized Appreciation (Depreciation) on Investments	<u>(53,231,570)</u>
Net Realized and Unrealized Gain (Loss) on Investments	<u>(60,548,844)</u>
Net Increase (Decrease) in Net Assets from Operations	<u>\$ (59,831,497)</u>

# Walthausen Small Cap Value Fund

Statements of Changes in Net Assets	(Unaudited)	
	2/1/2020 to 7/31/2020	2/1/2019 to 1/31/2020
From Operations:		
Net Investment Income (Loss)	\$ 717,347	\$ 1,562,214
Net Realized Gain (Loss) on Investments	(7,317,274)	(5,454,423)
Net Change in Unrealized Appreciation (Depreciation) on Investments	<u>(53,231,570)</u>	<u>15,170,706</u>
Increase (Decrease) in Net Assets from Operations	(59,831,497)	11,278,497
From Distributions to Shareholders:		
Investor Class	-	(4,867,473)
Institutional Class	-	<u>(2,328,587)</u>
Change in Net Assets from Distributions	-	(7,196,060)
From Capital Share Transactions:		
Proceeds From Sale of Shares		
Investor Class	7,944,780	28,288,192
Institutional Class	21,929,455 <sup>(a)</sup>	153,093,594 <sup>(b)</sup>
Proceeds From Redemption Fees (Note 2)		
Investor Class	3,224	5,509
Institutional Class	2,881	8,536
Shares Issued on Reinvestment of Dividends		
Investor Class	-	4,600,838
Institutional Class	-	2,299,930
Cost of Shares Redeemed		
Investor Class	(69,906,355) <sup>(a)</sup>	(283,992,233) <sup>(b)</sup>
Institutional Class	<u>(28,991,621)</u>	<u>(28,499,625)</u>
Net Increase (Decrease) from Shareholder Activity	<u>(69,017,636)</u>	<u>(124,195,259)</u>
Net Increase (Decrease) in Net Assets	(128,849,133)	(120,112,822)
Net Assets at Beginning of Period	<u>309,833,888</u>	<u>429,946,710</u>
Net Assets at End of Period	<u>\$ 180,984,755</u>	<u>\$ 309,833,888</u>
Share Transactions:		
Issued		
Investor Class	555,891	1,489,321
Institutional Class	1,496,234 <sup>(c)</sup>	7,990,740 <sup>(d)</sup>
Reinvested		
Investor Class	-	231,198
Institutional Class	-	115,458
Redeemed		
Investor Class	(4,873,805) <sup>(c)</sup>	(14,843,932) <sup>(d)</sup>
Institutional Class	<u>(2,005,846)</u>	<u>(1,499,486)</u>
Net Increase (Decrease) in Shares	<u>(4,827,526)</u>	<u>(6,516,701)</u>

(a) Includes \$37,721 of exchanges from Investor Class to Institutional Class.

(b) Includes \$83,222,311 of exchanges from Investor Class to Institutional Class.

(c) Includes the exchange of 2,002 shares from Investor Class to 1,999 shares of Institutional Class.

(d) Includes the exchange of 4,300,967 shares from Investor Class to 4,299,326 shares of Institutional Class.

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

# Walthausen Small Cap Value Fund

## Financial Highlights - Investor Class

	(Unaudited)					
Selected data for a share outstanding throughout the period:	2/1/2020 to 7/31/2020	2/1/2019 to 1/31/2020	2/1/2018 to 1/31/2019	2/1/2017 to 1/31/2018	2/1/2016 to 1/31/2017	2/1/2015 to 1/31/2016
Net Asset Value -						
Beginning of Period	\$ 18.80	\$ 18.71	\$ 23.87	\$ 22.12	\$ 15.87	\$ 20.88
Net Investment Income (Loss) <sup>(a)</sup>	0.04	0.07	(0.02)	(0.07)	(0.01)	0.06
Net Gain (Loss) on Investments (Realized and Unrealized) <sup>(b)</sup>	(3.32)	0.43	(2.74)	2.99	6.90	(3.25)
Total from Investment Operations	(3.28)	0.50	(2.76)	2.92	6.89	(3.19)
Distributions (From Net Investment Income)	-	(0.02)	-	-	(0.01)	(0.05)
Distributions (From Capital Gains)	-	(0.39)	(2.40)	(1.17)	(0.63)	(1.77)
Total Distributions	-	(0.41)	(2.40)	(1.17)	(0.64)	(1.82)
Proceeds from Redemption Fee (Note 2)	- +	- +	- +	- +	- +	- +
Net Asset Value -						
End of Period	\$ 15.52	\$ 18.80	\$ 18.71	\$ 23.87	\$ 22.12	\$ 15.87
Total Return <sup>(c)</sup>	(17.45)% *	2.55%	(10.27)%	13.22%	43.33%	(16.27)%
Ratios/Supplemental Data						
Net Assets - End of Period (Thousands)	\$ 79,635	\$177,627	\$422,206	\$621,122	\$605,575	\$494,712
Before Reimbursement						
Ratio of Expenses to Average Net Assets	1.34% **	1.30%	1.27%	1.26%	1.27%	1.25%
Ratio of Net Investment Income (Loss) to Average Net Assets	0.43% **	0.27%	-0.09%	-0.32%	-0.05%	0.27%
After Reimbursement <sup>(d)</sup>						
Ratio of Expenses to Average Net Assets	1.21% **	1.21%	1.27%	1.26%	1.27%	1.25%
Ratio of Net Investment Income (Loss) to Average Net Assets	0.56% **	0.36%	-0.09%	-0.32%	-0.05%	0.27%
Portfolio Turnover Rate	26.68% *	56.71%	45.51%	45.20%	39.17%	53.20%

\* Not Annualized.

\*\* Annualized.

+ Amount less than \$0.005 per share.

(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 represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends.

(d) Effective December 31, 2018, the Advisor has agreed to waive a portion of its service fees and management fees (See Note 4).

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

# Walthausen Small Cap Value Fund

## Financial Highlights - Institutional Class

Selected data for a share outstanding throughout the period:

	(Unaudited) 2/1/2020 to 7/31/2020	2/1/2019 to 1/31/2020	12/31/2018* to 1/31/2019
Net Asset Value - Beginning of Period	\$ 18.83	\$ 18.70	\$ 16.71
Net Investment Income (Loss) <sup>(a)</sup>	0.06	0.11	- +
Net Gain (Loss) on Investments (Realized and Unrealized) <sup>(b)</sup>	(3.32)	0.43	1.99
Total from Investment Operations	(3.26)	0.54	1.99
Distributions (From Net Investment Income)	-	(0.02)	-
Distributions (From Capital Gains)	-	(0.39)	-
Total Distributions	-	(0.41)	-
Proceeds from Redemption Fee (Note 2)	- +	- +	-
Net Asset Value - End of Period	\$ 15.57	\$ 18.83	\$ 18.70
Total Return <sup>(c)</sup>	(17.31)% **	2.80%	11.91% **
Ratios/Supplemental Data			
Net Assets - End of Period (Thousands)	\$ 101,350	\$ 132,207	\$ 7,741
Before Reimbursement			
Ratio of Expenses to Average Net Assets	1.35% ***	1.30%	1.37% ***
Ratio of Net Investment Income (Loss) to Average Net Assets	0.44% ***	0.23%	-0.23% ***
After Reimbursement			
Ratio of Expenses to Average Net Assets	0.98% ***	0.98%	0.98% ***
Ratio of Net Investment Income (Loss) to Average Net Assets	0.81% ***	0.55%	0.16% ***
Portfolio Turnover Rate	26.68% **	56.71%	45.51% **

\* Commencement of Class.

\*\* Not Annualized.

\*\*\* Annualized.

+ Amount less than \$0.005 per share.

(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 represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends.

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

# NOTES TO FINANCIAL STATEMENTS

## WALTHAUSEN SMALL CAP VALUE FUND

July 31, 2020  
(UNAUDITED)

### 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 currently offers Investor Class shares and Institutional Class shares. The Fund's Investor Class shares commenced operations on February 1, 2008 and Institutional Class shares commenced operations on December 31, 2018. As of July 31, 2020, there are two series authorized by the Trust. All classes of shares have identical rights to earnings, assets and voting privileges, except for class specific expenses and exclusive rights to vote on matters affecting only individual classes. The classes differ principally in their respective distribution expenses and arrangements. The Fund's investment objective is to seek long-term capital appreciation. The investment advisor to the Fund is Walthausen & Co., LLC (the "Advisor").

### 2.) SIGNIFICANT ACCOUNTING POLICIES

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*. The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Fund follows the significant accounting policies described in this section.

#### *SECURITY VALUATION*

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 six month period ended July 31, 2020, the Fund did not incur any interest or penalties.

#### *SHARE VALUATION*

The net asset value ("NAV") 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 NAV 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 six month period ended July 31, 2020, proceeds from redemption fees amounted to \$3,224 and \$2,881, respectively, for Investor Class and Institutional Class.

## Notes to Financial Statements (Unaudited) - continued

### *DISTRIBUTIONS TO SHAREHOLDERS*

Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The Fund may utilize earnings and profits distributed to shareholders on redemptions of shares as part of the dividends paid deductions. 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 NAV per share of the Fund.

### *USE OF ESTIMATES*

The financial statements are prepared in accordance with 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, if any, is recognized on an accrual basis. The Fund uses the specific identification method in computing gain or loss on the sale of investment 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 resulting in the excess portion of such dividends to be designated as return of capital. Annually, income or loss from MLPs is reclassified upon receipt of the MLPs tax reporting document. 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.

Class specific expenses are borne by each specific class. Income, non-class specific expenses, and realized and unrealized gains/losses are allocated to the respective classes based on the basis of relative net assets.

### 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 (Unaudited) - 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 and real estate investment trusts).* 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 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, and if an equity security is valued by the pricing service at its last bid price, it is generally categorized as a level 2 security. When market quotations are not readily available, when the Advisor determines that the market quotation or the price provided by the pricing service does not accurately reflect the current fair value, or when restricted securities are being valued, such securities are valued as determined in good faith by the Advisor, subject to review of 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 provided by the funds 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 that 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 July 31, 2020:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$170,365,470	\$0	\$0	\$170,365,470
Real Estate Investment Trusts	5,474,361	0	0	5,474,361
Money Market Funds	<u>5,567,824</u>	<u>0</u>	<u>0</u>	<u>5,567,824</u>
Total	\$181,407,655	\$0	\$0	\$181,407,655

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 six month period ended July 31, 2020.

The Fund did not invest in any derivative instruments during the six month period ended July 31, 2020.

## Notes to Financial Statements (Unaudited) - continued

### 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 Board, 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 receives 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.

Effective December 31, 2018, the Advisor has contractually agreed to waive Services Agreement fees and Management fees to the extent necessary to maintain total annual operating expenses of the Investor Class Shares and 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 1.21% and 0.98% respectively, of its average daily net assets through May 31, 2021. The Advisor may not terminate the fee waiver before May 31, 2021.

For the six month period ended July 31, 2020, the Advisor earned management fees totaling \$1,047,490, of which \$152,698 was due to the Advisor at July 31, 2020. For the same period, the Advisor earned service fees of \$361,327, of which \$16,440 was due to the Advisor at July 31, 2020. Service and management fees in the amounts of \$69,662 and \$190,803 were waived with no recapture provision for the six month period ended July 31, 2020 for the Investor and Institutional Classes, respectively.

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 six month period ended July 31, 2020 for their services to the Fund. The Advisor pays these fees pursuant to the Services Agreement.

### 5.) PURCHASES AND SALES OF SECURITIES

For the six month period ended July 31, 2020, purchases and sales of investment securities other than U.S. Government obligations and short-term investments aggregated \$56,858,060 and \$124,130,115, respectively. Purchases and sales of U.S. Government obligations aggregated \$0 and \$0, respectively.

### 6.) 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 July 31, 2020, NFS, LLC located in New York, New York, for the benefit of its clients, held, in aggregate, 66.39% of the shares of the Fund, and therefore may be deemed to control the Fund.

### 7.) TAX MATTERS

For Federal income tax purposes, the cost of investments owned at July 31, 2020 was \$162,704,990. At July 31, 2020, 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>
\$38,681,636	(\$19,978,971)	\$18,702,665

## Notes to Financial Statements (Unaudited) - continued

The tax character of distributions for Investor Class was as follows:

	Six Months Ended <u>July 31, 2020</u>	Fiscal Year Ended <u>January 31, 2020</u>
Ordinary Income	\$ —	\$ 234,720
Long-Term Capital Gain	—	4,632,753
	<u>\$ —</u>	<u>\$ 4,867,473</u>

The tax character of distributions for Institutional Class was as follows:

	Six Months Ended <u>July 31, 2020</u>	Fiscal Year Ended <u>January 31, 2020</u>
Ordinary Income	\$ —	\$ 138,426
Long-Term Capital Gain	—	2,190,161
	<u>\$ —</u>	<u>\$ 2,328,587</u>

### 8.) CONCENTRATION OF SECTOR RISK

If the Fund has significant investments in the securities of issuers in industries within a particular sector, any development affecting that sector will have a greater impact on the value of the net assets of the Fund than would be the case if the Fund did not have significant investments in that sector. In addition, this may increase the risk of loss of an investment in the Fund and increase the volatility of the Fund's NAV per share. From time to time, circumstances may affect a particular sector and the companies within such sector. For instance, economic or market factors, regulation or deregulation, and technological or other developments may negatively impact all companies in a particular sector and therefore the value of a Fund's portfolio will be adversely affected. As of July 31, 2020, the Fund had 27.27% and 25.86% of the value of its net assets invested in stocks within the Industrial and Financials sectors, respectively.

### 9.) COVID-19 RISKS

Unexpected local, regional or global events, such as war; acts of terrorism; financial, political or social disruptions; natural, environmental or man-made disasters; the spread of infectious illnesses or other public health issues; and recessions and depressions could have a significant impact on the Fund and its investments and may impair market liquidity. Such events can cause investor fear, which can adversely affect the economies of nations, regions and the market in general, in ways that cannot necessarily be foreseen. An outbreak of infectious respiratory illness known as COVID-19, which is caused by a novel coronavirus (SARS-CoV-2), was first detected in China in December 2019 and subsequently spread globally. This coronavirus has resulted in, among other things, travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, significant disruptions to business operations, market closures, cancellations and restrictions, supply chain disruptions, lower consumer demand, and significant volatility and declines in global financial markets, as well as general concern and uncertainty. The impact of COVID-19 has adversely affected, and other infectious illness outbreaks that may arise in the future could adversely affect, the economies of many nations and the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

### 10.) 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 to or disclosure in the financial statements.

**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**

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