

# 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, 2022

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# WALTHAUSEN SMALL CAP VALUE FUND (Unaudited)

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## PERFORMANCE INFORMATION

7/31/2022 Investor Class NAV \$17.38

7/31/2022 Institutional Class NAV \$17.38

### AVERAGE ANNUAL RATE OF RETURN (%) FOR THE PERIODS ENDED JULY 31, 2022

	<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>
Walthausen Small Cap Value Fund- Investor Class	-1.24%	9.33%	5.42%	9.69%
Russell 2000® Value Index <sup>(B)</sup>	-4.77%	9.44%	6.71%	10.18%

			Since
	<u>1 Year</u> <sup>(A)</sup>	<u>3 Years</u> <sup>(A)</sup>	<u>Inception</u> <sup>(A)</sup>
Walthausen Small Cap Value Fund - Institutional Class	-1.11%	9.56%	11.99%
Russell 2000® Value Index <sup>(B)</sup>	-4.77%	9.44%	11.80%

### Annual Fund Operating Expense Ratios (from 6/1/2022 Prospectus):

Institutional Class - Gross 1.38%, Net 0.98%

Investor Class - Gross 1.38%, 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, 2022, can be found in the financial highlights included in this report. Prior to June 1, 2021, both share classes had 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.

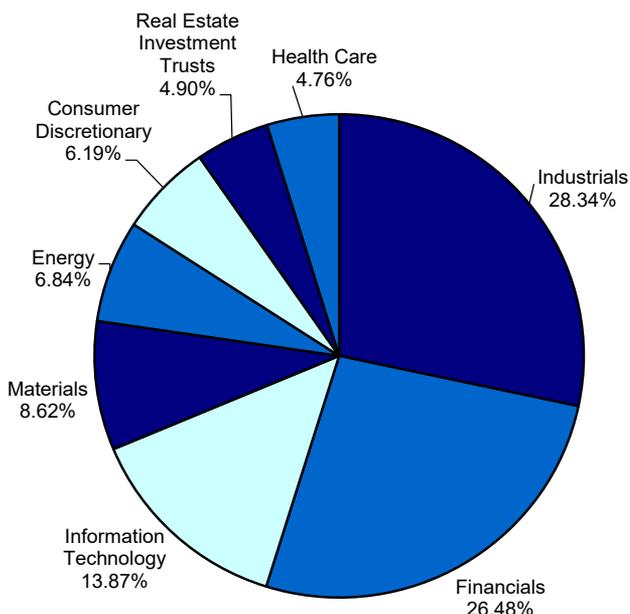
<sup>(A)</sup>1 Year, 3 Years, 5 Years, 10 Years and Since Inception returns include changes in share prices and in each case includes reinvestment of any dividends and capital gain distributions. The inception date of the Walthausen Small Cap Value Fund Investor Class was February 1, 2008. Institutional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

## WALTHAUSEN SMALL CAP VALUE FUND (Unaudited)

### WALTHAUSEN SMALL CAP VALUE FUND by Sectors as of July 31, 2022 (as a percentage of Total Common Stocks and Real Estate Investment Trusts)



### AVAILABILITY OF QUARTERLY SCHEDULE OF INVESTMENTS (Unaudited)

The Fund publicly 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>.

Form N-PX provides information regarding how the Fund voted proxies with regards to portfolio securities held during the most recent 12-month period ended June 30th and is available without charge, upon request, by calling 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 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, 2022, and held through July 31, 2022.

### 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. 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 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, 2022</u>	Ending Account Value <u>July 31, 2022</u>	Expenses Paid During the Period* February 1, 2022 to July 31, 2022
Actual	\$1,000.00	\$953.37	\$5.86
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,018.79	\$6.06

\* Expenses are equal to the Fund's annualized expense ratio of 1.21%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

Institutional Class

	<u>Beginning Account Value February 1, 2022</u>	<u>Ending Account Value July 31, 2022</u>	<u>Expenses Paid During the Period* February 1, 2022 to July 31, 2022</u>
Actual	\$1,000.00	\$953.90	\$4.75
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,019.93	\$4.91

\* Expenses are equal to the Fund's annualized expense ratio of 0.98%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

# Walthausen Small Cap Value Fund

## Schedule of Investments July 31, 2022 (Unaudited)

Shares		Fair Value	% of Net Assets
<b>COMMON STOCKS</b>			
<b>Crude Petroleum &amp; Natural Gas</b>			
71,090	Earthstone Energy, Inc. Class A *	\$ 1,008,767	
17,625	Gulfport Energy Corporation *	1,622,205	
		<u>2,630,972</u>	3.51%
<b>Electric Lighting &amp; Wiring Equipment</b>			
23,370	AZZ Inc.	994,160	
87,375	LSI Industries Inc.	528,619	
		<u>1,522,779</u>	2.03%
<b>Electrical Industrial Apparatus</b>			
80,355	Thermon Group Holdings, Inc. *	1,251,127	1.67%
<b>Electrical Work</b>			
15,370	Comfort Systems USA, Inc.	1,623,994	2.17%
<b>Electronic Components &amp; Accessories</b>			
42,620	Vishay Precision Group, Inc. *	1,328,892	1.77%
<b>Electronic Connectors</b>			
32,605	Methode Electronics, Inc.	1,344,630	1.80%
<b>Farm Machinery &amp; Equipment</b>			
8,650	Alamo Group Inc.	1,119,396	1.49%
<b>Federal &amp; Federally-Sponsored Credit Agencies</b>			
10,440	Federal Agricultural Mortgage Corporation - Class C	1,151,428	1.54%
<b>Heavy Construction Other Than Building Construction - Contractors</b>			
80,721	Great Lakes Dredge & Dock Corporation *	1,043,723	1.39%
<b>Household Audio &amp; Video Equipment</b>			
40,895	Knowles Corporation *	807,676	1.08%
<b>Instruments for Measuring &amp; Testing of Electricity &amp; Electric Signals</b>			
35,760	Allied Motion Technologies Inc.	963,374	
42,835	Cohu, Inc. *	1,224,224	
		<u>2,187,598</u>	2.92%
<b>Metal Forgings &amp; Stampings</b>			
16,915	Materion Corporation	1,386,015	
35,370	TriMas Corporation	1,046,952	
		<u>2,432,967</u>	3.25%
<b>Miscellaneous Chemical Products</b>			
69,450	Orion Engineered Carbons S.A. (Luxembourg)	1,200,791	1.60%
<b>Mobile Homes</b>			
21,440	Skyline Champion Corporation *	1,357,152	1.81%
<b>Motor Vehicles &amp; Passenger Car Bodies</b>			
41,260	The Shyft Group, Inc. *	1,070,284	1.43%
<b>Motor Vehicles Parts &amp; Accessories</b>			
111,965	Holley Inc. *	894,600	1.19%
<b>National Commercial Banks</b>			
31,116	Camden National Corporation	1,422,001	
19,328	City Holding Company	1,677,477	
38,880	NBT Bancorp Inc.	1,576,195	
		<u>4,675,673</u>	6.24%
<b>Oil &amp; Gas Field Services, NEC</b>			
97,780	Oceaneering International, Inc. *	1,038,424	
129,140	ProPetro Holding Corp. *	1,358,553	
		<u>2,396,977</u>	3.20%
<b>Plastic Materials, Synth Resins &amp; Nonvulcan Elastomers</b>			
30,902	AdvanSix Inc. *	1,214,140	1.62%
<b>Printed Circuit Boards</b>			
22,540	Kimball Electronics, Inc. *	495,880	0.66%

\* 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, 2022 (Unaudited)

Shares	Fair Value	% of Net Assets
<b>COMMON STOCKS</b>		
<b>Pulp Mills</b>		
92,876 Mercer International Inc. (Canada)	\$ 1,482,301	1.98%
<b>Refrigeration &amp; Service Industry Machinery</b>		
17,040 Tennant Company	1,142,191	1.52%
<b>Retail - Jewelry Stores</b>		
9,075 Signet Jewelers Limited (Bermuda)	553,212	0.74%
<b>Retail - Retail Stores, NEC</b>		
63,275 Titan Machinery Inc. *	1,779,926	2.38%
<b>Rolling Drawing &amp; Extruding of Nonferrous Metals</b>		
10,260 Encore Wire Corporation	1,420,702	1.90%
<b>Sanitary Services</b>		
69,386 Heritage-Crystal Clean, Inc. *	2,328,594	3.11%
<b>Savings Institution, Federally Chartered</b>		
65,625 OceanFirst Financial Corp.	1,349,250	1.80%
<b>Semiconductors &amp; Related Devices</b>		
14,630 Kulicke and Soffa Industries, Inc. (Singapore)	703,996	
14,490 OSI Systems, Inc. *	1,400,748	
	2,104,744	2.81%
<b>Services - Amusement &amp; Recreation Services</b>		
152,370 Bowlero Corp. - Class A *	1,743,113	2.33%
<b>Services - Automotive Repair, Services &amp; Parking</b>		
29,580 Monro, Inc.	1,483,437	1.98%
<b>Services - Engineering Services</b>		
28,255 VSE Corporation	1,185,297	1.58%
<b>Services - Home Health Care Services</b>		
10,930 Addus HomeCare Corporation *	1,014,413	1.35%
<b>Services - Management Consulting Services</b>		
66,782 The Hackett Group, Inc.	1,400,419	1.87%
<b>Services - To Dwellings &amp; Other Buildings</b>		
24,468 ABM Industries Incorporated	1,097,145	1.46%
<b>Special Industry Machinery, NEC</b>		
20,870 Axcelis Technologies, Inc. *	1,467,787	1.96%
<b>State Commercial Banks</b>		
35,670 First Bancorp	1,351,180	
31,490 First Financial Corporation	1,471,213	
20,500 Heartland Financial USA, Inc.	920,450	
70,680 Horizon Bancorp, Inc.	1,347,868	
12,935 Lakeland Financial Corporation	1,006,343	
43,335 Seacoast Banking Corporation of Florida	1,550,526	
32,030 TriCo Bancshares	1,531,034	
8,370 Triumph Bancorp, Inc. *	608,080	
27,375 Washington Trust Bancorp, Inc.	1,502,340	
	11,289,034	15.07%
<b>Steel Works, Blast Furnaces Rolling Mills (Coke Ovens)</b>		
45,090 Commercial Metals Company	1,786,466	2.38%
<b>Surety Insurance</b>		
30,027 NMI Holdings, Inc. - Class A *	568,711	0.76%
<b>Surgical &amp; Medical Instruments &amp; Apparatus</b>		
17,930 Haemonetics Corporation *	1,245,956	
23,575 NuVasive, Inc. *	1,238,159	
	2,484,115	3.32%

\* Non-Income Producing Securities.

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

# Walthausen Small Cap Value Fund

<b>Schedule of Investments</b>		
<b>July 31, 2022 (Unaudited)</b>		
<b>Shares</b>	<b>Fair Value</b>	<b>% of Net Assets</b>
<b>COMMON STOCKS</b>		
<b>Title Insurance</b>		
7,300 Stewart Information Services Corporation	\$ 398,945	0.53%
<b>Total for Common Stocks (Cost \$54,883,005)</b>	69,830,481	93.20%
<b>REAL ESTATE INVESTMENT TRUSTS</b>		
25,980 EPR Properties	1,397,984	
61,977 Global Medical REIT Inc.	754,880	
67,965 UMH Properties, Inc.	1,448,334	
<b>Total for Real Estate Investment Trusts (Cost \$2,252,903)</b>	3,601,198	4.81%
<b>MONEY MARKET FUNDS</b>		
1,543,284 Fidelity Investments Money Market Government Portfolio - Class I 1.64% **	\$ 1,543,284	2.06%
<b>(Cost \$1,543,284)</b>		
<b>Total Investment Securities</b>	74,974,963	100.07%
<b>(Cost \$58,679,192)</b>		
<b>Liabilities in Excess of Other Assets</b>	(52,348)	-0.07%
<b>Net Assets</b>	<u>\$ 74,922,615</u>	<u>100.00%</u>

\*\* The rate shown represents the 7-day yield at July 31, 2022.

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

# Walthausen Small Cap Value Fund

## Statement of Assets and Liabilities (Unaudited)

July 31, 2022

Assets:	
Investment Securities at Fair Value	\$ 74,974,963
(Cost \$58,679,192)	
Receivable for Dividends	26,668
Receivable for Shareholder Subscriptions	3,801
Total Assets	<u>75,005,432</u>
Liabilities:	
Payable for Shareholder Redemptions	15,019
Payable to Advisor for Management Fees (Note 4)	59,595
Payable to Advisor for Service Fees (Note 4)	8,203
Total Liabilities	<u>82,817</u>
Net Assets	<u>\$ 74,922,615</u>
Net Assets consist of:	
Paid In Capital	\$ 45,315,274
Total Distributable Earnings	29,607,341
Net Assets	<u>\$ 74,922,615</u>
Investor Class	
Net Assets	\$ 50,407,460
Shares Outstanding	
(Unlimited shares authorized)	2,900,463
Net Asset Value, Offering Price and Redemption Price Per Share	<u>\$ 17.38</u>
Institutional Class	
Net Assets	\$ 24,515,155
Shares Outstanding	
(Unlimited shares authorized)	1,410,306
Net Asset Value, Offering Price and Redemption Price Per Share	<u>\$ 17.38</u>

## Statement of Operations (Unaudited)

For the six month period ended July 31, 2022

Investment Income:	
Dividends (Net of foreign withholding tax of \$428)	\$ 616,298
Total Investment Income	616,298
Expenses:	
Management Fees (Note 4)	424,668
Service Fees (Note 4)	190,537
Total Expenses	615,205
Less: Waived Management and Service Fees (Note 4)	(136,810)
Net Expenses	<u>478,395</u>
Net Investment Income (Loss)	137,903
Net Realized and Unrealized Gain (Loss) on Investments:	
Net Realized Gain (Loss) on Investments	5,134,733
Net Change In Unrealized Appreciation (Depreciation) on Investments	(10,414,026)
Net Realized and Unrealized Gain (Loss) on Investments	<u>(5,279,293)</u>
Net Increase (Decrease) in Net Assets from Operations	<u>\$ (5,141,390)</u>

# Walthausen Small Cap Value Fund

## Statements of Changes in Net Assets

	(Unaudited)	
	2/1/2022 to 7/31/2022	2/1/2021 to 1/31/2022
From Operations:		
Net Investment Income (Loss)	\$ 137,903	\$ 152,261
Net Realized Gain (Loss) on Investments	5,134,733	57,932,242
Net Change in Unrealized Appreciation (Depreciation) on Investments	<u>(10,414,026)</u>	<u>(18,301,675)</u>
Increase (Decrease) in Net Assets from Operations	(5,141,390)	39,782,828
From Distributions to Shareholders:		
Investor Class	-	(21,103,053)
Institutional Class	-	<u>(13,785,955)</u>
Change in Net Assets from Distributions	-	<u>(34,889,008)</u>
From Capital Share Transactions:		
Proceeds From Sale of Shares		
Investor Class	290,289 <sup>(a)</sup>	8,892,366
Institutional Class	1,018,329	19,153,536 <sup>(b)</sup>
Proceeds From Redemption Fees (Note 2) <sup>(e)</sup>		
Investor Class	-	622
Institutional Class	-	8,825
Shares Issued on Reinvestment of Dividends		
Investor Class	-	20,716,589
Institutional Class	-	13,719,057
Cost of Shares Redeemed		
Investor Class	(10,732,551)	(33,422,442) <sup>(b)</sup>
Institutional Class	<u>(10,524,855) <sup>(a)</sup></u>	<u>(102,596,647)</u>
Net Increase (Decrease) from Shareholder Activity	<u>(19,948,788)</u>	<u>(73,528,094)</u>
Net Increase (Decrease) in Net Assets	(25,090,178)	(68,634,274)
Net Assets at Beginning of Period	<u>100,012,793</u>	<u>168,647,067</u>
Net Assets at End of Period	<u>\$ 74,922,615</u>	<u>\$100,012,793</u>
Share Transactions:		
Issued		
Investor Class	16,903 <sup>(c)</sup>	374,706
Institutional Class	57,736	786,617 <sup>(d)</sup>
Reinvested		
Investor Class	-	1,094,379
Institutional Class	-	725,109
Redeemed		
Investor Class	(626,939)	(1,462,219) <sup>(d)</sup>
Institutional Class	<u>(623,977) <sup>(c)</sup></u>	<u>(4,253,373)</u>
Net Increase (Decrease) in Shares	<u>(1,176,277)</u>	<u>(2,734,781)</u>

(a) Includes \$2,504 of exchanges from Institutional Class to Investor Class.

(b) Includes \$407,992 of exchanges from Investor Class to Institutional Class.

(c) Includes the exchange of 149 shares from the Institutional Class to 149 shares of Investor Class.

(d) Includes the exchange of 16,909 shares from Investor Class to 16,867 shares of Institutional Class.

(e) Prior to June 1, 2021, shares were subject to a redemption fee of 2% if redeemed after holding them for 90 days or less.

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:	2/1/2022 to 7/31/2022	2/1/2021 to 1/31/2022	2/1/2020 to 1/31/2021	2/1/2019 to 1/31/2020	2/1/2018 to 1/31/2019	2/1/2017 to 1/31/2018
Net Asset Value -						
Beginning of Period	\$ 18.23	\$ 20.49	\$ 18.80	\$ 18.71	\$ 23.87	\$ 22.12
Net Investment Income (Loss) <sup>(a)</sup>	0.02	(0.00) +	0.05	0.07	(0.02)	(0.07)
Net Gain (Loss) on Investments (Realized and Unrealized) <sup>(b)</sup>	(0.87)	5.12	1.83	0.43	(2.74)	2.99
Total from Investment Operations	(0.85)	5.12	1.88	0.50	(2.76)	2.92
Distributions (From Net Investment Income)	-	- +	(0.19)	(0.02)	-	-
Distributions (From Capital Gains)	-	(7.38)	-	(0.39)	(2.40)	(1.17)
Total Distributions	-	(7.38)	(0.19)	(0.41)	(2.40)	(1.17)
Proceeds from Redemption Fee (Note 2) <sup>(e)</sup>	-	- +	- +	- +	- +	- +
Net Asset Value -						
End of Period	\$ 17.38	\$ 18.23	\$ 20.49	\$ 18.80	\$ 18.71	\$ 23.87
Total Return <sup>(c)</sup>	(4.66)% *	23.66%	10.04%	2.55%	(10.27)%	13.22%
Ratios/Supplemental Data						
Net Assets - End of Period (Thousands)	\$ 50,407	\$ 64,007	\$ 71,784	\$177,627	\$422,206	\$621,122
Before Reimbursement						
Ratio of Expenses to Average Net Assets	1.45% **	1.38%	1.35%	1.30%	1.27%	1.26%
Ratio of Net Investment Income (Loss) to Average Net Assets	0.01% **	-0.17%	0.16%	0.27%	-0.09%	-0.32%
After Reimbursement <sup>(d)</sup>						
Ratio of Expenses to Average Net Assets	1.21% **	1.21%	1.21%	1.21%	1.27%	1.26%
Ratio of Net Investment Income (Loss) to Average Net Assets	0.25% **	-0.00% +	0.30%	0.36%	-0.09%	-0.32%
Portfolio Turnover Rate	18.09% *	71.40%	65.91%	56.71%	45.51%	45.20%

\* 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).

(e) Prior to June 1, 2021, shares were subject to a redemption fee of 2% if redeemed after holding them for 90 days or less.

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

# Walthausen Small Cap Value Fund

## Financial Highlights - Institutional Class

	(Unaudited)				
Selected data for a share outstanding throughout the period:	2/1/2022 to 7/31/2022	2/1/2021 to 1/31/2022	2/1/2020 to 1/31/2021	2/1/2019 to 1/31/2020	12/31/2018* to 1/31/2019
Net Asset Value -					
Beginning of Period	\$ 18.22	\$ 20.53	\$ 18.83	\$ 18.70	\$ 16.71
Net Investment Income (Loss) <sup>(a)</sup>	0.04	0.05	0.09	0.11	- +
Net Gain (Loss) on Investments (Realized and Unrealized) <sup>(b)</sup>	(0.88)	5.14	1.84	0.43	1.99
Total from Investment Operations	(0.84)	5.19	1.93	0.54	1.99
Distributions (From Net Investment Income)	-	(0.12)	(0.23)	(0.02)	-
Distributions (From Capital Gains)	-	(7.38)	-	(0.39)	-
Total Distributions	-	(7.50)	(0.23)	(0.41)	-
Proceeds from Redemption Fee (Note 2) <sup>(e)</sup>	-	- +	- +	- +	-
Net Asset Value -					
End of Period	\$ 17.38	\$ 18.22	\$ 20.53	\$ 18.83	\$ 18.70
Total Return <sup>(c)</sup>	(4.61)% **	23.92%	10.33%	2.80%	11.91% **
Ratios/Supplemental Data					
Net Assets - End of Period (Thousands)	\$ 24,515	\$ 36,005	\$ 96,863	\$132,207	\$ 7,741
Before Reimbursement					
Ratio of Expenses to Average Net Assets	1.45% ***	1.38%	1.35%	1.30%	1.37% ***
Ratio of Net Investment Income (Loss) to Average Net Assets	0.00% ***	-0.20%	0.15%	0.23%	-0.23% ***
After Reimbursement <sup>(d)</sup>					
Ratio of Expenses to Average Net Assets	0.98% ***	0.98%	0.98%	0.98%	0.98% ***
Ratio of Net Investment Income (Loss) to Average Net Assets	0.47% ***	0.20%	0.52%	0.55%	0.16% ***
Portfolio Turnover Rate	18.09% **	71.40%	65.91%	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.

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

(e) Prior to June 1, 2021, shares were subject to a redemption fee of 2% if redeemed after holding them for 90 days or less.

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

# NOTES TO FINANCIAL STATEMENTS WALTHAUSEN SMALL CAP VALUE FUND

July 31, 2022

(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, 2022, 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.

## 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 (the "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 Code. This 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, 2022, 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. Shares purchased prior to June 1, 2021, were subject to a redemption fee of 2% if redeemed after holding them for 90 days or less.

## 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 Valuation Committee 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, 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 Valuation Committee determines that the market quotation or the price provided by the pricing service does not accurately reflect the current market value, or when restricted or illiquid securities are being valued, such securities are valued pursuant to the Fair Value Pricing procedures. The Board maintains responsibility for fair value determinations under Rule 2a-5 of the 1940 Act and oversees the Valuation Committee.

*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.

It is incumbent upon the Valuation Committee to consider all appropriate factors relevant to the value of securities for which market quotations are not readily available. No single standard for determining fair value can be established, 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 Valuation Committee 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, 2022:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 69,830,481	\$0	\$0	\$ 69,830,481
Real Estate Investment Trusts	3,601,198	0	0	3,601,198
Money Market Funds	<u>1,543,284</u>	<u>0</u>	<u>0</u>	<u>1,543,284</u>
Total	\$ 74,974,963	\$0	\$0	\$ 74,974,963

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, 2022.

The Fund did not invest in any derivative instruments during the six month period ended July 31, 2022.

## 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. During the 2022 fiscal year, there was a change in control at the Advisor, and therefore an "assignment" under the 1940 Act of the Fund's previous investment advisory agreement which resulted in its automatic termination. A new investment advisory agreement with substantially the same terms as the previous agreement was approved by the Trust's Board of Trustees at a meeting held on August 27, 2021, and was approved by the Fund's shareholders on November 10, 2021.

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.

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, 2023. The Advisor may not terminate the fee waiver before May 31, 2023.

For the six month period ended July 31, 2022, the Advisor earned management fees totaling \$424,668, of which \$59,595 was due to the Advisor at July 31, 2022. For the same period, the Advisor earned service fees of \$190,537, of which \$8,203 was due to the Advisor at July 31, 2022. Service and management fees in the amounts of \$65,890 and \$70,920 were waived with no recapture provision for the six month period ended July 31, 2022 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 \$2,000, for a total of \$6,000, in Trustees' fees plus travel and related expenses for the six month period ended July 31, 2022, 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, 2022, purchases and sales of investment securities other than U.S. Government obligations and short-term investments aggregated \$15,357,996 and \$36,722,053, 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, 2022, NFS, LLC located in New York, New York, and Charles Schwab & Co., Inc., each for the benefit of their clients, held, in aggregate, 60.08% and 27.05%, of the shares of the Fund, and therefore each may be deemed to control the Fund.

## Notes to Financial Statements (Unaudited) - continued

### 7.) TAX MATTERS

For federal income tax purposes, the cost of investments owned at July 31, 2022 was \$58,679,192. At July 31, 2022, 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>
\$18,899,338	(\$2,603,567)	\$16,295,771

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

	Six Months Ended <u>July 31, 2022</u>	Fiscal Year Ended <u>January 31, 2022</u>
Ordinary Income	\$ —	\$ 8,914,016
Long-Term Capital Gain	—	<u>12,189,037</u>
	\$ —	\$ 21,103,053

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

	Six Months Ended <u>July 31, 2022</u>	Fiscal Year Ended <u>January 31, 2022</u>
Ordinary Income	\$ —	\$ 5,948,141
Long-Term Capital Gain	—	<u>7,837,814</u>
	\$ —	\$ 13,785,955

### 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, 2022, the Fund had 27.79% and 25.94% 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. 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.

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**Board of Trustees**

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John P. Mastriani  
Hany A. Shawky

**Investment Advisor and Administrator**

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**Legal Counsel**

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**Dividend Paying Agent,  
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**Independent Registered Public Accounting Firm**

Cohen & Company, Ltd.

**Distributor**

Forside Fund Services, 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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