

Dear Fellow Shareholder,

US equities had a challenging Q1 with the R2000 down 30.2% while the S&P 500 fell 20.1%. We did not escape the carnage and PVFIX shares fell 23.3%. We ended the quarter at 54 major positions with a weighted average market cap of \$262 million, a security yield of 1.6% and a price to book ratio of 73%. Cash fell to 30.7% as we put liquidity to work acquiring bargains at compelling valuations during most down days.

The markets remain volatile as investors try to determine whether massive fiscal and economic stimulus is enough to offset the economic damage inflicted by the aftermath of COVID-19. We don't know the answer but suspect the recovery will take longer than most expect given the high levels of uncertainty and anxiety among the American public. Ultimately science prevails and a vaccine will come to the rescue but when?

Portfolio activity was robust in Q1 as we took advantage of the decline to add to existing positions and establish new ones. Major additions to existing positions included: ERA Group (helicopter services), Patriot Transport (specialty trucking), Seacor Marine (offshore supply vessels), Gulf Island (marine goods & services), Williams Industrial (engineering/design/construction) and Flexsteel (residential furniture). Major new positions include Kirby Corp (inland & offshore marine transport), Benchmark Electronics (contract manufacturing), Hurco Cos. (specialty machinery) and a couple of California banks, OP Bancorp and PCB Bancorp. All are well managed, well capitalized and were purchased at very reasonable valuations relative to long term potential.

We lightened up on a few positions pre decline including National Security (regional property & casualty insurer), Getty Realty (REIT), SWK Holdings (life sciences finance) and LSI Lighting (industrial lighting). All were sold at gains and had either reached attractive valuations or experienced a change in business fundamentals.

As shown on the next page, detractors to performance significantly outweighed contributors. The most severe detractors were larger positions tied to the energy markets. When it became clear that COVID-19 would impact the worldwide economy, oil & gas prices fell sharply as investors foresaw less driving, flying and industrial consumption. Preferring to buy stocks as we do groceries, when they're on sale, we added to most of these positions believing that eventually supply would contract (wells shut in, minimal drilling) and demand would strengthen as the economy rebounded. Oil & gas have no shelf life and few participants are unwilling to explore and produce at unprofitable prices. Ultimately prices will rise to the point of sustainable profits and cash flows.

Major contributors to Fund performance were spread across multiple industries including insurance, real estate, construction, power equipment and retailing. Most of the positions shown are newly acquired which we will add to at appropriate prices.

John E. Deysher, President & Portfolio Manager

212-605-7100

<b>TOP 10 POSITIONS</b>	<b>% net assets</b>
1. ERA Group- helicopter services	8.4%
2. Dorian LPG- fleet of liquid petroleum gas tankers	8.1
3. Williams Industrial Services- engineering/design/construction	4.8
4. Gulf Island Fabrication- marine goods & services	4.7
5. Sprott Junior Gold Miners- precious metals ETF	3.0
6. Weyco Group- shoe retailer & wholesaler	3.0
7. Sprott Gold Miners- precious metals ETF	2.9
8. Powell Industries- electrical equipment & services	2.6
9. Buckle- young adult apparel retailer	2.4
10. Flexsteel- residential furniture producer	<u>2.1</u>
<b>Total</b>	<b>42.0%</b>

**YTD TOP 5 Contributors (includes dividends)**

1. National Security Group	0.5%
2. FRP Holdings	0.1
3. Granite Construction	0.1
4. Preformed Line Products	0.1
5. Genesco Inc.	0.1%

**YTD TOP 5 Detractors (includes dividends)**

1. ERA Group	5.1%
2. Dorian LPG	4.2
3. Gulf Island Fabrication	2.6
4. Seacor Marine	2.4
5. Buckle Inc.	1.4%

**SECURITY CLASSIFICATIONS**

Government Money Market Funds	30.7%
Industrial Goods & Services	22.0
Energy	21.7
Consumer Goods & Services	10.0
Closed end & Exchange traded funds	6.3
Insurance	3.0
Banks & Thrifts	2.3
Financial Services	1.7
Real Estate	1.3
Technology	<u>1.0</u>
<b>Total</b>	<b>100.0%</b>

\*Letter contents are unaudited and past returns do not predict future results. Investment return and principal value of a Fund investment will fluctuate so that shares, when redeemed, may be worth more or less than original cost. Results do not reflect taxes payable on distributions or redemptions of shares held in taxable accounts. The R2000 is an unmanaged index and unavailable for investment. Additional material including Prospectus, SAI is available at [www.pinnaclevaluefund.com](http://www.pinnaclevaluefund.com) or 1-877-369-3705 X 115.