

US equities had a challenging Q1 with the R2000 down 7.5% while the S&P 500 fell 4.6%. PVFIX shares rose 1.2%, slightly better than the R2000 benchmark. We ended the quarter with 45 major positions and a weighted average market cap of \$510 million, a security yield of 1.2% and a price to book ratio of 110%. Cash is 41.7%, down slightly from 46.6% at year end. Cash helped cushion the downside and is money good when reached for in moments of opportunity.

The market remains volatile and is under pressure lately driven by geo-political events, rampant inflation, interest rate increases and fears of a slowing economy. While no one knows how high prices will go, there is growing concern that inflation will soon outpace wage growth leading to a curtailment of consumer demand. Savings may provide some temporary relief but the longer term impact on consumer demand is uncertain. Businesses are also facing cost increases on everything from raw materials to power to wages and will try to pass these on as higher prices. If there is pushback on prices, expect lower profit margins and earnings per share. Despite all these headwinds, market valuations remain high and freshly emboldened retail investors have continued piling into risky assets including meme stocks and crypto-currencies. Against this backdrop, we'll stay conservative and wait for pockets of opportunity from any disruptions.

Portfolio activity was skewed slightly toward selling as we continued to trim positions we felt were approaching fair value or becoming over weighted in the portfolio. Major sales included Bristow Group and Dorian LPG which were major beneficiaries of a flight to energy stocks and became over weighted in the portfolio. We exited Freightcar America when their balance sheet became too leveraged for comfort. Finally, longtime position Independence Holding went private at a very reasonable price. Virtually all positions were sold for long term capital gains which should help minimize taxes for Fund shareholders with taxable accounts.

Our biggest portfolio addition was Graham Corp., a Batavia (Rochester) NY based maker of vacuum and heat transfer equipment used in petrochemical processing and power generation. We've owned Graham for a while but added to our position when cost over runs on a couple of major contracts knocked the share price down. Graham has a new CEO whom we believe has the energy and skills to execute a successful turnaround. We also added to positions in Williams Industries and Powell Industries which are dealing with execution issues we view as temporary. Finally, we established a new position in Heartland Express, a short-medium haul truckload carrier based in Des Moines, Iowa that's wrestling with higher gasoline prices.

As you can see on the next page, contributors to performance slightly outweighed detractors. The biggest contributions came from two energy holdings, Seacor Marine and Dorian LPG which benefitted from continued investor enthusiasm for energy stocks. Our two Sprott precious metals ETFs benefitted from investor interest in precious metals as an inflation hedge.

Our biggest detractors included Graham Corp., Williams Industries and Powell Industries which are all dealing with company specific issues that we think managements are capable of solving although it may take a few quarters. As all of you know, we like to buy our stocks as we do our groceries, when they're on sale and all of these quality, low leverage firms are presently on sale.

<b>TOP 10 POSITIONS</b>	<b>% net assets</b>
1. Bristow Group- helicopter services	7.8%
2. Gulf Island Fabrication- engineering/design/construction	6.3
3. Graham Corp.- industrial equipment for govt./ commercial clients	4.7
4. Williams Industrial Services- industrial staffing & services	4.1
5. Weyco Group- wholesale & retail shoes	3.5
6. Powell Industries- electrical equipment & services	3.1
7. Seacor Marine- offshore supply vessels serving worldwide clients	2.7
8. Patriot Transport- tank truck operator	1.8
9.. Sprott Junior Gold Miners ETF	1.6
10. Sprott Gold Miners ETF	<u>1.6</u>
<b>Total</b>	<b>37.2%</b>

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

1. Seacor Marine	1.4%
2. Dorian LPG	1.0
3. Sprott Gold Miners	0.2
4. Kirby Corp	0.1
5. Sprott Junior Gold Miners	0.1%

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

1. Williams Industries	-1.0%
2. Powell Industries	-0.8
3. Graham Corp	-0.7
4. Buckle	-0.4
5. Flexsteel	-0.2%

**SECURITY CLASSIFICATIONS**

Government Money Market Funds	41.7%
Energy	12.0
Construction & Fabrication	11.9
Industrial Goods & Services	11.6
Consumer Goods & Services	8.3
Transportation	3.6
Insurance	3.2
Closed End & Exchange Traded Funds	2.4
Banks & Thrifts	2.1
Technology	2.0
Real Estate	<u>1.2</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 may 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 X115.