

US equities had a strong Q3 as the benchmark R2000 rose 12.4% while the S&P 500 rose 7.8%. PVFIX shares rose 4.7% putting YTD performance at 2.3% well behind the R2000 which rose 10.4% YTD. Our results were hampered by our large cash position and lackluster results at some of our larger positions (see below). We ended the quarter with 40 major positions with a weighted average market cap of \$630 million, a security yield of 1% and a price to book value ratio of 1%. Cash is 30.3% of net assets earning 4%+ in a government money market fund.

There has been no change in our fundamental outlook. The market remains volatile as it deals with multiple uncertainties including how low the Fed drives short term interest rates as it walks the fine line of keeping inflation in check while maintaining employment. Recently the Fed cut short term interest rates by a quarter point (25 basis points) but it remains to be seen what impact this has on long term rates like mortgage and other rates that drive big ticket purchases by consumers and businesses. The labor market appears to be slowing and we wouldn't be surprised to see unemployment tick up. We are starting to see some cracks in the credit markets with the bankruptcies of Tricolor (used car dealer and subprime financier) and First Brands (auto parts supplier). Both were highly leveraged firms that lost the confidence of their lenders. Whether these remain isolated events or the start of a trend remains to be seen. Speaking of confidence, that of consumers appears to be waning as concerns continue about employment and economic uncertainty. This is manifesting itself in higher default rates on credit card and auto loans. Finally, the impact of tariffs and wage increases on inflation and profit margins remains unclear.

Q3 portfolio activity was skewed slightly towards security sales as we took advantage of higher prices to exit positions we deemed fully valued including Graham Corp. and Buckle which were sold at long term capital gains. We added to existing position Hooker Furniture and bought two new ones: Petmed Express is a Delray Beach FL online seller of pet medications, insurance and other wellness products. They also own property that might be converted to higher value use. San Juan Royalty Trust collects oil & gas royalties on properties located in northwest New Mexico.

As you can see on the next page, YTD detractors to performance outweighed contributors. Our biggest detractors were lackluster results at some of our larger positions including Culp and Unifi which are making slow but steady progress in their turnaround efforts. However, positive developments are occurring including insider buying at Culp and new disclosure in Unifi's most recent 10K (June) about 184 acres vacant land rumored to be of interest to a data center developer.

Major contributors to performance included agricultural conglomerate Seaboard Corp. where positive results at their pork and marine units helped boost profits. Our precious metals ETFs also benefitted from their underlying equity holdings where revenues are rising faster than costs. Widespread investor fear of missing out has propelled bullion prices to record levels.

Please be advised that we will likely make a distribution of realized capital gains and net investment income before yearend. We'll post an estimate to our website to help your tax planning. We are positioned to invest our cash as opportunities become available and are searching diligently for such opportunities. Your portfolio manager remains a major Fund shareholder.

TOP TEN POSITIONS

	% net assets
1. Gulf Island Fabrication- engineering/design/construction	8.5
2. Hurco Cos – machine tool maker with worldwide distribution	5.3
3. Unifi- texturized nylon/polyester yarn used to produce fabrics	5.0
4. Culp Inc.- fabrics for furniture & mattress coverings	4.2
5. Ingles Markets- regional supermarket chain	3.7
6. Seaboard- agricultural conglomerate	3.5
7. Bristow Group- helicopter services to commercial/government clients	3.5
8. Weyco Group- wholesale & retail shoes	3.2
9. AerSale- aviation services	3.1
10. First Acceptance- non standard auto insurance	3.1
Total	43.1%

YTD TOP 5 Contributors (includes dividends)

1. Seaboard	1.4%
2. Sprott Gold Miners ETF	0.8
3. Sprott Junior Gold Miners ETF	0.7
4. AerSale	0.7
5. Diodes	0.3%

YTD TOP 5 Detractors (includes dividends)

1. Unifi	-1.4 %
2. Culp Inc.	-1.3
3. Weyco Group	-0.8
4. Hurco Cos.	-0.5
5. OP Bank	-0.3%

SECURITY CLASSIFICATIONS

Government Money Market Funds	30.3%
Consumer Goods & Services	12.5
Industrial Goods & Services	11.7
Apparel & Textiles	9.7
Construction & Fabrication	8.7
Transportation	7.9
Energy	8.0
Financials	6.1
Electronics	3.3
Closed End & Exchange Traded Funds	1.8

Total**100.0%**

*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 or 1-877-369-3705 X115.