

Dear Fellow Shareholders,

Total Return	2020	2019	2018	2017	2016
Pinnacle Value Fund	3.4%	10.7%	(11.8)%	(0.1)%	16.5%
Russell 2000	20.0	25.5	(11.0)	14.6	21.4
S&P 500	18.4%	31.5%	(4.4)%	21.8%	12.0%

(all returns include dividend reinvestment. Past returns do not predict future results. Results do not reflect taxes payable on distributions or redemptions of shares in taxable accounts.

A Phone Call

Recently we got a phone call from a longtime, astute shareholder who asked what the Fund's NAV was on March 31? We replied \$10.94/sh. What was it on Dec. 31? \$14.76/sh we replied. He then explained why he bought more Fund shares in mid-late March, how he wanted to own every company in the portfolio since most were on sale with capable managements, solid long term operating histories, conservative balance sheets and attractive yields. He went on to say he believed the economy would eventually recover as vaccines overcame Covid and it was time to step up to the plate. This shareholder made good money by buying Fund shares when the underlying securities were drowning in sellers and the underlying portfolio offered good value. (Congratulations to all Fund shareholders who added to their holdings during the market decline).

However, sharp eyed shareholders may look at the box scores above and ask why we didn't do better for the full year. There're a few reasons. First, despite putting significant cash to work during the downturn, we should have invested more- thrown caution to the wind as it were. This is easy to say now but during the darkest days it wasn't easy- we stayed disciplined filling the portfolio with bargains we felt had limited downside. When the tide turned, almost everything went up- those stocks we owned and those we didn't. Next, the benchmark R2000 is comprised of both growth and value stocks which exceed a minimum market cap. There is no quality requirement and many of the R2000 members have dicey balance sheets with little or no equity (not our kind of stocks). These types of issues, especially the growth names, do very well when the market starts to rally which is exactly what happened, leaving us lagging the index.

Finally, our stock selection was below par. We had our share of winners including a basket of furniture producers/retailers that benefitted from the nesting trend as consumers spent more time at home choosing to upgrade their surroundings. The turnarounds at Bristow, Williams Industries and The Buckle continued to gain traction helping performance. Our precious metals ETFs also benefitted from the prospects of higher inflation due to major stimulus efforts.

However, we did have some detractors from performance most of which were clustered around the energy sector where the pandemic reduced industrial and transportation demand. Energy exploration and production is down significantly which we believe will set the stage for higher energy prices when demand recovers. Costar Technologies and Weyco Shoes were hard hit by the decline in traditional retail sales and are reducing costs to restore profitability.

State of Market/ Outlook

While we can't predict what the stock market will do, we believe the market will eventually recover. Millions will get vaccines and the threat of Covid will eventually recede. Citizens will begin to travel, dine out, enjoy entertainment and sporting events along with many other activities which have been on hold for months. Fiscal and monetary stimulus will remain ongoing as governments worldwide seek to nurse economies back to health.

However, the process will not be seamless. Many citizens remain unemployed and it's hard to understand how long the economic damage will linger or what the ultimate fallout will be. Corporate activity remains subdued and managers are offering minimal earnings guidance reflecting a high level of uncertainty. Many expect higher taxes and interest rates, neither of which are good for stock prices. Corporate, government and individual debt levels remain high which could prove problematic if economic growth is less than expected.

Our current positioning remains cautious. We're comfortable with our portfolio which provides a good level of income and solid appreciation potential. As always, we'll continue to focus on companies trading at a discount to underlying asset values or earnings power. We'll stay conservative, try to minimize risk and let valuations be our guide. We'll be particularly attentive to the coming earnings season and what guidance (if any) managements provide about 2021. We suspect there may be a disappointment(s) which provide a buying opportunity for patient investors with adequate liquidity. We expect current market volatility to continue and will try to exploit any pockets of opportunity that result. Stay tuned...

By now you should have received your year end statement. Should you have any questions about your account or the Fund, don't hesitate to call or write. We are positioned to invest our cash as opportunities become available and are searching diligently for such opportunities. Your portfolio manager buys Fund shares opportunistically and remains a major Fund shareholder.

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TOP 10 POSITIONS

	% net assets
1. Bristow Group- helicopter services	11.6%
2. Dorian LPG- fleet of liquid petroleum gas tankers	9.2
3. Buckle- young adult apparel retailer	4.2
4. Williams Industrial Services- engineering/design/construction	4.1
5. Gulf Island Fabrication- marine goods & services	3.9
6. Flexsteel – residential furniture producer	2.5
7. Powell Industries- electrical equipment & services	2.4
8. Weyco Group- wholesale & retail shoes	2.1
9. Sprott Junior Gold Miner ETF	1.8
10. Freidman Industries- steel service center	<u>1.8</u>
Total	43.6%

YTD TOP 5 Contributors (includes dividends)

1. Flexsteel	2.7%
2. Williams Industries	2.1
3. Bristow	1.8
4. Buckle	1.2
5. Sprott Junior Gold Miner ETF	0.7%

YTD TOP 5 Detractors (includes dividends)

1. Seacor Marine	-3.3%
2. Gulf Island Fabrication	-2.8
3. Dorian LPG	-1.6
4. Costar Technologies	-1.4
5. Weyco Shoes	-1.2%

SECURITY CLASSIFICATIONS

Government Money Market Funds	35.5%
Energy	22.0
Consumer Goods & Services	12.3
Construction & Fabrication	8.6
Industrial Goods & Services	7.3
Insurance	3.9
Closed End & Exchange Traded Funds	3.4
Transportation	3.1
Banks & Thrifts	1.4
Real Estate	1.4
Technology	<u>1.1</u>
Total	100.0%