PRIVATE CAPITAL MANAGEMENT VALUE FUND

Annual Investment Adviser's Report
April 30, 2022
(Unaudited)

Dear Fellow Shareholder:

The last six months have been volatile for equity markets, jolted by rising interest rates and stubbornly high inflation exacerbated by Russia's invasion of Ukraine. We are pleased to report that the Fund has weathered this storm well on a relative basis, showing a roughly flat -0.16% return for the 12 months ending April 30, compared to the -16.87% loss experienced by the Fund's Russell 2000® benchmark over the same period. Valuation discipline, strong stock specific performance and sound portfolio positioning have enabled this result. While we look forward to an eventual improvement in market conditions, we remain vigilant as the Fund navigates this significantly challenging financial market environment.

PCM Value Fund Class I				
		Annualized Return Periods		
As of 6/30/2022	1-Year	3-Year	5-Year	10-Year
Class I	-9.21%	10.33%	8.62%	10.14%
Russell 2000	-25.20%	4.21%	5.17%	9.35%

The war in Ukraine, increasing wages, supply chain disruptions, and higher cost-of-capital have collectively driven inflation to levels not seen since the 1970s. Bonds and equites have suffered in tandem, and stocks are off to their worst annual start in decades. However, in our view this is one of those times when the "market" and the Fund's portfolio are two significantly different animals. For several years, market indices were driven by richly-valued growth stocks that seemed immune to price correction or fundamental vulnerability. Investment strategies that emphasized "innovation" over valuation not only flourished, they appeared durable and prescient. However, as we have so often said, gravity is not just a good idea – it is a fundamental law of nature. As business conditions changed, a valuation air pocket formed under many of these market leaders and significant retrenchments followed.

The Fund's research approach begins with identifying businesses that our portfolio managers believe are trading at a material discount to their intrinsic worth. That said, one rarely finds a professional investor that admits to overpaying for a security – so it's fair to ask what the Fund does that is different. Because our valuation analysis focuses on sustainable free cash flow (cash flow from operations after required capital expenditures), we don't anticipate outcomes that we feel cannot be reasonably forecasted (in contrast to growth-oriented investors who may rely on "terminal value" analysis scenarios). While one can almost always articulate "reasons" that a cash burning emerging technology may inflect to vast profitability, such analysis is necessarily subject to enormous variability. Adverse outcomes can arise internally due to fundamental strategy missteps, or externally from competitors or changes in consumer tastes (including the advent of additional "disruptive" technologies), or simply from a shift in Wall Street's willingness to bridge continuing operating losses with cheap capital.

In contrast, since the Fund's process scrutinizes and prioritizes free cash flow generation, its portfolio investments are typically self-financing. Strong capital structures not only bring defensive characteristics, they also enable companies to capitalize on market dislocations rather than being disrupted by them. To wit, in markets like these we particularly value companies that maintain active stock repurchase plans, which to us indicate management teams and Boards that see their company's stock as materially mispriced, and in our assessment, possess the balance sheet strength and liquidity to take advantage of the capital allocation opportunity. When management teams are not willing to opportunistically buy back shares, we look for the reason why. Broadly speaking, acceptable explanations typically fall into one of two categories: an in-process strategic opportunity or a demonstrable need to retain capital in order to fund internally-generated business development. Especially in dislocated markets such as these, we analyze a portfolio company's capital allocation decisions in reference to whether they are likely to generate greater long-term shareholder value than share repurchases.

The performance data quoted represents past performance. Past performance is no guarantee of future results. Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For performance current to the most recent month-end, please call 1-800-763-0337. The Fund's Gross Expense Ratio is 1.73%. The Russell 2000 Index is an unmanaged index that consists of the smallest 2,000 companies in a group of 3,000 U.S. companies in the Russell 3000 Index, as ranked by market capitalization. It is not possible to invest directly in an index.

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We have talked frequently about the Fund's near-theological approach to value investing. Over the last five years there have been frustration points where the Fund struggled to keep up with a momentum driven market that seemed permanently disconnected from valuation norms. Experience, however, tells us that "bubbles" pop on their own timing, and most typically without clear warning (except in retrospect) of the impending value destruction. Nevertheless, we want to drive home the point that as investors, we are of the view that current market conditions are creating potential opportunities for long-term wealth creation for those who are positioned to ignore the market's daily vicissitudes and turbulence.

Some context to our view is in order. It is fair to think of the market correction as having two stages. Inflation, war, tightening monetary policy and the realization that some market leaders were over-earning during the pandemic drove the first leg downward. More recently, and perhaps more significantly, Federal Reserve Chairman Jerome Powell has stated that the Fed will do whatever is necessary from a monetary policy standpoint to restore price stability – *even if this policy threatens to bring about a recession*. Taken at face value, Powell's plan presents a challenge for financial assets, real estate markets and robust near-term economic growth. In addition, some concerns about the economic knock-on effects of the Fed's policy approach are entirely warranted. Monetary policy is a very crude weapon against inflation. Few prospective employees will resign themselves to earning less simply because Chairman Powell has vowed to reverse inflation – some of which is clearly coming from wage growth. As a result, the Biden Administration finds itself in the predicament of a two-headed horse trying to run in opposite directions; on one-hand supporting unions and their quest for higher wages, while on the other hand hoping that wage-push inflation does not become embedded in the economy. Supply chain disruptions will not magically resolve, nor will China's COVID lockdowns end, solely because rates rise in the United States. That said, demand destruction is beginning to surface in the form of slowing new home sales and falling used car prices. Corporate management teams have also noticed the changing landscape with recent layoffs announced by Amazon and Netflix [1]showing just how quickly the tide can turn.

We therefore see Chairman Powell as attempting to couple real action – higher short rates – with aggressive jawboning in an attempt to shock capital markets and protect/restore the Fed's credibility as an inflation manager. It is an important gambit. With over $30 trillion dollars in debt, not to mention a Social Security system that will need to provide cost-of-living (COLA) adjustments to seniors, the U.S. government cannot afford either sustained inflation or persistently higher interest rates. This leads to a simple intuition – any broad slowdown is likely to be short-lived – just enough to reverse price pressures before the Fed pivots back to supportive monetary policy.

If you follow our logic, then it should be apparent why we think the current market offers such an excellent opportunity for stock selection and wealth creation. A relatively short, potentially violent correction generally leads to significant price dislocations. In fact, we are already beginning to see discounts that have been unavailable for years. While precise market forecasting is a "skill" we ascribe mostly to soothsayers, as value investors we always feel more comfortable and more confident about financial markets when people are panicking, valuations are falling, and volatility can produce compelling multi-year investment opportunities.

We appreciate your continued support.

Private Capital Management

[1] As of June 30, 2022, the Fund did not maintain a position in either Amazon or Netflix.

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Mutual Fund investing involves risk and it is possible to lose money by investing in a fund. The Fund is a diversified fund, but nevertheless has invested a significant portion of its assets in the securities of a relatively smaller number of issuers, which may cause the Fund's value to fluctuate more widely than some other diversified funds. As a result of the Fund's investment approach and the relative price movements of certain Fund holdings, as of April 30, 2022 the Fund's holdings profile reflected a portfolio concentration level normally associated with a non-diversified fund. This may result in the Fund exhibiting greater volatility and less liquidity than other diversified funds. **The Fund invests in foreign securities which involve political, economic and currency risks, differences in accounting methods and greater volatility. The Fund invests in small- and mid-cap companies, which involve additional risks such as limited liquidity and greater volatility. The Fund has a value-oriented approach and is subject to the risk that a security believed to be undervalued does not appreciate as anticipated or experiences a decline in value.**

Investors should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing. The prospectus contains this and other important information about the Private Capital Management Value Fund, and it may be obtained by visiting our website at www.pcmvaluefund.com. Read it carefully before investing.

The performance shown reflects fee waivers/reimbursements in effect, without these waivers, performance would have been lower. Total returns are based on net change in NAV with reinvestment of all dividends. The returns shown do not reflect a 2% fee applied to shares redeemed with-in 30 days of purchase.

Shares of the Private Capital Management Value Fund are distributed by Foreside Funds Distributors LLC, not an adviser affiliate.

This letter is intended to assist shareholders in understanding how the Fund performed during the year ended April 30, 2022 and reflects the views of the investment adviser at the time of this writing. Of course, these views may change and do not guarantee the future performance of the Fund or the markets.

Portfolio composition is subject to change. The current and future portfolio holdings of the Fund are subject to investment risks.