

Adirondack Small Cap Fund (ADKSX)

Data as of March 31, 2021

Quarterly Commentary

Dear Fellow Shareholder,

During the quarter ended March 31, 2021, The Adirondack Small Cap Fund (ADKSX) generated returns of 17.76%. Over the same period, its benchmark, the Russell 2000® Value Index (RUJ), increased 21.17%. The Fund's annualized return for 1 year, 5 year, and 10 year was 94.50%, 8.07%, and 7.32%, respectively.* At quarter-end, 50 positions were held in the portfolio, with the top ten holdings representing 36.03% of the fund.

We were pleased with the Fund's Q1 2021 performance, particularly given that we did not own any of the meme stocks touted by the Reddit crowd. Importantly, we maintained our discipline and participated meaningfully in the continued material outperformance of small-cap value over large caps and growth as represented by the S&P 500 and Russell 2000 Growth, respectively.

Since the worst of the pandemic, equity performance within domestic small caps can be characterized as a sharp rebound beginning with "stay at home stocks" and progressing on to the beneficiaries of reopening and fiscal stimulus. Low price, high short interest, high leverage, and low market cap were all characteristically contributing factors to outperformance. Through the back half of 2020 and into Q1 2021 we applied our discipline to find solid long-term investments within beaten-up sectors. We took advantage of the market volatility to bring our energy exposure to a slightly overweight position. We also increased our exposure within Financials, Industrials, and Materials. We are believers that a strained supply of materials caused by COVID disruptions and a tighter labor market could result in more sustained inflation. We continue to dig deep within Industrials and Materials for more exposure. We added a small community bank and a specialty insurer within Financials. Our exposure (22.89%) is as close to the benchmark (27.15%) as we have been in a long time. Given the structural challenges faced by the Consumer Discretionary sector, we moved more cautiously and did not just buy any name that was anointed as a "re-open beneficiary." Like Materials and Industrials, we are looking to increase our exposure within Consumer opportunistically as the upcoming quarterly earnings hopefully increase the scrutiny of the large, rapid, and speculative moves within Consumer Discretionary. We accelerated profit-taking in Technology as reopening has tempered some of the enthusiasm.

Notably, our two largest positions at quarter-end, which also happened to be #1 and #3 at year-end 2020, were two of our best performers this quarter, Conduent (as of 3/31/2021 CNDT represented 4.80% of the portfolio) and Unisys (as of 3/31/2021 UIS represented 3.88% of the portfolio). Over the past 12-18 months, we have been consistently reducing our number of holdings and increasing our exposure to our highest conviction names, so their contribution this quarter was satisfying. Despite the recent strong performance, we believe both companies continue to be relatively misunderstood and mispriced versus peers. Newer managements have begun to address lingering issues, namely a pension liability gap at Unisys and a mix of poorly priced contracts at Conduent. Both are low fixed asset software-driven business service providers with unique capabilities in desirable niches.

Despite the long-awaited outperformance of small-cap value over large-cap and growth during the past two quarters, it's useful to remember how long the underperformance had been. More specifically, large-cap and growth have beat small-cap value for six of the past seven years. After falling over 20% in 2020, small-cap earnings estimates are expected to rise by over 30% in 2021 with a bigger inflection from value. We still believe our portfolio contains many names with further upside despite strong moves off the bottom. Pent-up economic demand, upward pressure on rates and inflation, combined with the catalysts in our portfolio of restructured businesses, such as improving returns and cash generation at the hands of new management teams, should all bode well for further price appreciation. We continue to believe this change in leadership has legs and that small-cap value will continue to narrow the performance gap of the past several years.

**Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 888-686-2729, or visiting www.adirondackfunds.com.*

Per the prospectus, the Fund's gross annual operating expense ratio is 1.36%. The Advisor has contractually agreed to waive fees or reimburse the Fund to the extent necessary to maintain the Fund's total annual operating expenses at 1.48% until August 1, 2021, subject to termination by the Fund on 60 days' written notice.

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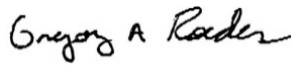
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Thank you for your trust in our stewardship of your capital and your faith in our disciplined approach in this quick transitioning market landscape. For the most up-to-date information on the Fund, please visit our website at www.adirondackfunds.com or call us at (518) 690-0470.

Regards,



Matt Reiner, CFA®
Portfolio Manager



Greg Roeder, CFA®
Portfolio Manager

Important Risk Information

The Fund invests in smaller companies, which involve additional risks such as limited liquidity and greater volatility. Additionally, value investing is subject to the risk that a company's intrinsic value may never be fully realized by the market.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling 1-888-686-2729, or visiting www.adirondackfunds.com. Read it carefully before investing. The Adirondack Small Cap Fund is distributed by Rafferty Capital Markets, LLC, Garden City, NY 11530.

The Russell 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. You cannot invest directly in an index.

The S&P 500 Index is a market value-weighted index of 500 stocks seen as indicators of U.S. equities and reflects large cap performance. You cannot invest directly in an index.

The Russell 2000 Growth Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. You cannot invest directly in an index.