

Adirondack Small Cap Fund (ADKSX)

Data as of June 30, 2022

Quarterly Commentary

Dear Fellow Shareholders,

The Adirondack Small Cap Fund declined 13.51% during the quarter ended June 30, 2022. The iShares[®] Russell 2000 Value ETF (IWN), a small cap competitor of the Fund, declined 15.34% during the same period. The Fund's annualized return for 1 year, 5 year, and 10 year was -12.07%, 2.10%, and 7.27%, respectively.* The top ten holdings represented 35.44% of the portfolio and annualized turnover stood at 22.61%.

There was nowhere to hide during Q2 as stocks entered a bear market amid growth fears, rate hikes and inflation. The S&P 500 dropped 16.4%, bringing its year-to-date decline to over 20%, the worst start to a year since 1970. Bonds did not fare much better as the Bloomberg U.S. Aggregate Bond Index declined almost 5% during Q2 2022, bringing its year-to-date decline to over 10%. Small cap value stocks also struggled during Q2 although they posted their seventh consecutive quarter of outperformance versus small cap growth.

The Fund's overweight position in Energy and strong stock selection within the group drove outperformance during the quarter. Top contributors included Coterra Energy Inc and Ardmore Shipping Corp, both of which appreciated over 28% during the quarter on strong earnings. Cleveland-Cliffs Inc was the biggest detractor during Q1, declining 55% despite posting better than expected Q1 results. Having recently made a number of important industry consolidating acquisitions, we believe the company is better positioned to face the challenges in the domestic steel industry. We completely exited Coterra as of 6/30/22. Ardmore and Cleveland-Cliffs represented 2.41% and 1.52% of the portfolio, respectively. The Fund added two new positions during the quarter, Dole PLC and Orthofix Medical Inc. Dole is the world's largest fresh produce providers. With farmland, ships, and facilities in 30 countries, its distribution capabilities have few peers. The company re-emerged as a publicly traded company last July and is currently trading for about 40% less than its IPO price due to issues that we view as transitory. We are attracted to the defensive nature of this company and its hard-to-replicate network; it is well positioned to capitalize on the growth of fresh food consumption around the globe. Orthofix is a medical device and biologics company. They struggled during the pandemic due to a decline in elective procedures, however, they continued to invest in new products which we believe will enable them to resume growth over the next several years. Dole represented 1.74% and Orthofix 1.18% of the portfolio as of 6/30/22.

Six positions were exited during the quarter. Coterra Energy, Ingles Markets and Meyers Industries reached our price targets. On November 22, 2021, Ericsson entered into an agreement to acquire Vonage Holdings Corp for \$21.00 per share. The Fund exited its remaining position over the next several months. The healthy acquisition premium helped to make Vonage the Fund's highest return position over the eight plus years that it was in the portfolio. The remaining two exits were Emcore Corp and Drive Shack due to changes in investment thesis. Opportunistic trading in Emcore shares allowed the Fund to realize a more than 50% return despite the original thesis eventually breaking down. Drive Shack embarked on a solid growth strategy with the rollout of clever entertainment venues, but a challenging labor market was not part of our original thesis so we cut our losses. While labor markets will adjust, until then, we continue to be cautious about hospitality stocks.

History suggests that market choppiness could linger through at least the mid-term elections, but the silver lining might be closer than we think. Furey Research, a publisher of market research, recently made interesting observations. They said, "The darkest hour is just before the dawn, and things certainly appear dark at the moment. A number of sentiment readings (UofM Consumer Sentiment, AAll Bullish-Bearish, NFIB Small Business Outlook) are at their lowest levels going back several decades." They went on to say, "These types of environments are usually when bottoms are put in. The R2 [(Russell 2000 Index)] posted one of its worst quarters and worst 6-month periods and is more than 30% below its high. Forward returns after such bad periods have been strongly positive, on average. Our work shows that once the R2 corrects more than -30%, the bottom is usually not too far away."

**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 1.46%. 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, 2022, subject to termination by the Fund on 60 days' written notice.

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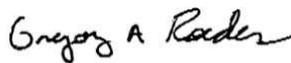
Quarterly Commentary (con't)

It's always helpful to find encouraging advice from longtime market observers during times like this. Thank you for investing alongside of us, stay healthy and please feel free to contact us with any questions.

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 iShares® Russell 2000 Value ETF (IWN) seeks to track the investment results of an index composed of small-capitalization U.S. equities that exhibit value characteristics.

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 Bloomberg U.S. Aggregate Bond Index is a market capitalization-weighted bond index consisting of intermediate term investment grade bonds traded in the United States that is seen as an indicator for the performance of the U.S. bond market. You cannot invest directly in an index.