

# KIRR, MARBACH PARTNERS VALUE FUND



**Kirr, Marbach  
Partners Funds**

Beginning on January 1, 2021, as permitted by regulations adopted by the U.S. Securities and Exchange Commission, paper copies of the Fund's annual and semi-annual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Fund's website [www.kmpartnersfunds.com](http://www.kmpartnersfunds.com), and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund electronically anytime by contacting your financial intermediary (such as a broker-dealer or a bank) or, if you are a direct investor, by calling 1-800-870-8039 or by enrolling with Matt Kirr at [matt@kirrmar.com](mailto:matt@kirrmar.com).

You may elect to receive all future reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. If you invest directly with the Fund, you can call 1-800-870-8039 or by contacting the Fund at [matt@kirrmar.com](mailto:matt@kirrmar.com) to let the Fund know you wish to continue receiving paper copies of your shareholder reports. Your election to receive reports in paper will apply to all funds held in your account if you invest through your financial intermediary.

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SEMI-ANNUAL REPORT



# KIRR, MARBACH PARTNERS

## VALUE FUND

"What we do know, however, is that occasional outbreaks of those two super-contagious diseases, fear and greed, will forever occur in the investment community. The timing of these epidemics will be unpredictable. And the market aberrations produced by them will be equally unpredictable, both as to duration and degree. Therefore we never try to anticipate the arrival or departure of either disease. Our goal is more modest: we simply attempt to be fearful when others are greedy and to be greedy when others are fearful."

—Warren Buffett (1986 Berkshire-Hathaway Annual Shareholder Letter)

May 5, 2020

Dear Fellow Shareholders:

The term "*unprecedented*" is often misused/overused, but is certainly apropos to describe what would become the COVID-19 global pandemic and concomitant destruction of the world economy and financial/commodity markets. Unfortunately, the lead headline in the April 1, 2020 edition of The Wall Street Journal ("WSJ"), "Stocks End Worst Quarter in 12 Years," wasn't just a cruel April Fool's joke. Still, we've been through many significant market declines over Value Fund's almost 22 years. While COVID-19 is new, surprises and economic shocks are not new to us. No matter the cause of the shock, our response is always the same—we seek opportunity in others' fear.

We've established the first half of the fiscal year ending September 30, 2020 was gruesome, so what's the path forward? Stocks represent business ownership sliced into small pieces. We approach buying stocks by taking the perspective of owning 100% of the underlying business. The owner of the business is entitled to the future amount of cash generated by the business ("cash flow"). The *intrinsic value* of the business is simply the cumulative amount of those future cash flows, discounted back to today (i.e. the discounted present value of the future cash flows). We look for stocks *priced* well below our calculation of intrinsic value, with the intent of holding the stock/owning the business for 10 or more years.

Importantly, while stock *prices* can be extraordinarily volatile (like recently), the *intrinsic values* of the underlying businesses are much less so. In a February 24 interview on MSNBC, Warren Buffett said, "If you're buying a business, and that's what stocks are...you're gonna own it for ten or 20 or 30 years. And the real question is has the ten-year or 20-year outlook for American business changed in the last 24 hours or 48 hours? You don't buy or sell your business based on today's headlines." We'd ask, "If you owned a thriving family business for 20-years, would you sell it for dramatically less versus the beginning of the year simply because of COVID-19 fears?" We don't think so.

We buy stocks when we believe they are trading at a significant discount to our calculation of the intrinsic value of the underlying business. We reject the notion anyone is smart enough to pick the market bottom, including us. In a seminal piece in the December 10, 2001 issue of *Fortune*, Buffett quoted his professor and mentor, Ben Graham: "Though the stock market functions as a voting machine in the short run, it acts as a weighing machine in the long run." Buffett added, "Fear and greed play important roles when the votes are being cast, but they don't register on the scale." The illustration represents the cycle of Greed/Buy and Fear/Sell. We think we experienced the "Panic" phase in the first quarter and hope we'll reach the "bottoming of the curve" sooner rather than later.



Source: Online Trading Academy, 2019

# KIRR, MARBACH PARTNERS

## VALUE FUND

In Graham's way of thinking, a company's fundamentals are what counts and determines its stock price, in the long-run. With the economy essentially shut down, no business has been spared harm. In this topsy-turvy environment, we've been trying to determine if any companies we own have *near-term survival risk* and which are facing a *temporary vs. permanent impairment* of their business.

Forecasting short-term earnings is a futile exercise in this environment, but we have "stress-tested" each of our companies to determine if it can survive with zero revenue for six-months, looking at current sources of cash vs. minimum cash needs. In addition, for companies with publicly-traded bonds, we look at prices to see what fixed income investors believe. In a company's capital structure, bonds are "senior" to equity/stock in regards to claims on the company's assets/cash flow. If the company's bonds are priced at 70 (vs. 100 face amount at which the issuer has promised to redeem the bond on the maturity date), that says fixed income investors believe the company's balance sheet is stressed.

We like what we own and are pleased company insiders have stepped up to purchase stock in the open market with their own money (vs. receiving grants of stock). Still, similar to prior shocks, we're looking to use the decline as an opportunity to upgrade the quality of your portfolio (i.e. buying high-quality stocks we previously viewed as too expensive).

Periods ending March 31, 2020

(Total Returns-Dividends Reinvested in Index-Annualized\*)

	KM Value Fund	S&P 500 Index
Six-months	-29.29%	-12.31%
One-year*	-27.07%	-6.98%
Three-years*	-8.39%	5.10%
Five-years*	-4.10%	6.73%
Ten-Years*	5.62%	10.53%

The Fund's Gross Expense Ratio and Net Expense Ratio were 1.54% and 1.45%, respectively, according to the Prospectus dated January 24, 2020. Contractual fee waivers are in effect until February 28, 2021.

*Performance data quoted represents past performance; past performance is no guarantee of 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 1-800-870-8039. The fund imposes a 1.00% redemption fee on shares held less than 30 days. Performance data quoted does not reflect the redemption fee. If reflected, total returns would be reduced.*

- (1) The performance data quoted assumes the reinvestment of capital gains and income distributions. The performance does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.
- (2) The S&P 500 Index is an unmanaged, capitalization-weighted index generally representative of the U.S. market for large capitalization stocks. This Index cannot be invested in directly. Because the majority of the Fund's holdings have market capitalizations of \$1-\$15 billion, the S&P 500 Index is an imperfect performance benchmark. However, the S&P 500 Index is the most widely utilized performance benchmark for U.S. equities and has more readily accessible data than other benchmarks. Further, it is not the goal of the Fund to replicate the returns of the S&P 500 Index and there are material differences between the holdings of the Fund and the S&P 500 Index.
- (3) One-year, Two-years, Three-years, Five-years, Ten-years and Since Inception returns are Average Annualized Returns.

### Percent Change in Top Ten Holdings from Book Cost (as of 3/31/2020)

1. Canadian Pacific Railway Ltd.	+1240.6%	6. Colliers International Group, Inc.	+26.1%
2. AutoZone, Inc.	+687.1%	7. Markel Corp.	+197.7%
3. Voya Financial, Inc.	+80.9%	8. Aon Plc	+67.8%
4. EMCOR Group, Inc.	+1408.4%	9. Cognizant Technology Solutions	+393.3%
5. Dollar Tree, Inc.	+962.1%	10. SS&C Technologies Holdings, Inc.	-18.9%

*Performance quoted represents past performance and is no guarantee of future results.*

# KIRR, MARBACH PARTNERS

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## VALUE FUND

Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

Regards,



Mark D. Foster, CFA  
President



Mickey Kim, CFA  
Vice-President, Treasurer and Secretary

**Mutual fund investing involves risk. Principal loss is possible.**

Value Fund invests in foreign securities, which involves greater volatility and political, economic and currency risks and differences in accounting methods. Value Fund may also invest in small- and medium-capitalization companies, which tend to have more limited liquidity and greater price volatility than large-capitalization companies.

**Past performance is not a guarantee of future results.**

Please refer to the Schedule of Investments for complete fund holdings information.

The information provided herein represents the opinion of Value Fund's investment adviser and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

A stock's market capitalization is calculated by multiplying the price of the stock by the number of shares outstanding

This material must be preceded or accompanied by a current Prospectus.

Quasar Distributors, LLC is the Distributor for Value Fund.

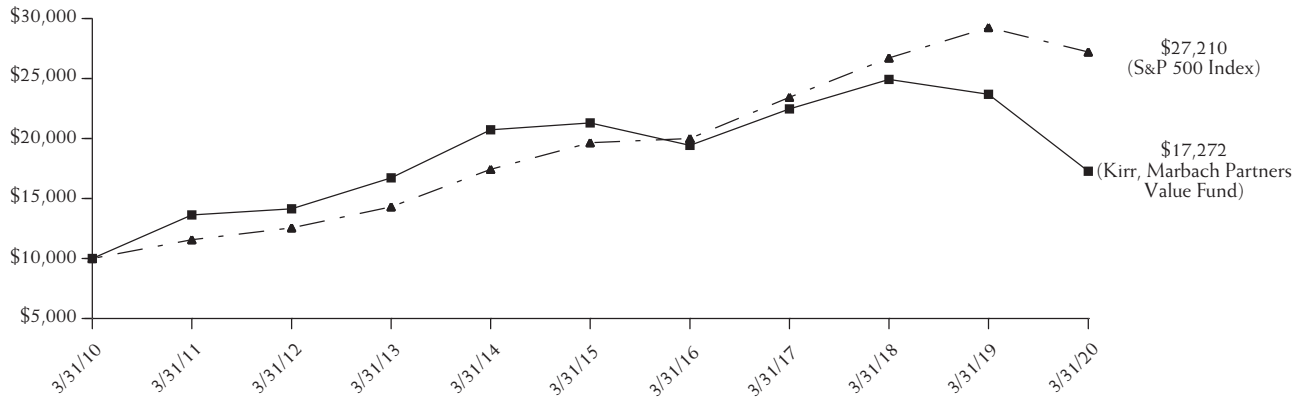
For further information about Value Fund and/or an account application, please call Matt Kirr at Value Fund at (812) 376-9444 or (800) 808-9444 or write to Value Fund at 621 Washington Street, Columbus, IN 47201.

Kirr, Marbach Partners Value Fund is not affiliated with Warren Buffett or Ben Graham.

# KIRR, MARBACH PARTNERS

## VALUE FUND

### VALUE OF \$10,000 INVESTMENT (UNAUDITED)



*This chart assumes an initial investment of \$10,000. Performance reflects fee waivers in effect. In the absence of fee waivers, total return would be reduced. Past performance is not predictive of future performance. Investment return and principal value will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance assumes the reinvestment of capital gains and income distributions. The performance does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.*

	Average Annual Rate of Return (%)			
	One Year Ended March 31, 2020	Five Years Ended March 31, 2020	Ten Years Ended March 31, 2020	Since Inception* to March 31, 2020
Kirr Marbach Partners Value Fund	-27.07%	-4.10%	5.62%	5.06%
S&P 500 Index**	-6.98%	6.73%	10.53%	5.56%

\* December 31, 1998

\*\* The Standard & Poor's 500 Index (S&P 500) is an unmanaged, capitalization-weighted index generally representative of the U.S. market for large capitalization stocks. This Index cannot be invested in directly.

# KIRR, MARBACH PARTNERS

## VALUE FUND

### EXPENSE EXAMPLE – MARCH 31, 2020 (UNAUDITED)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, which may include redemption fees; and exchange fees; and (2) ongoing costs, including management fees; distribution fees; and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (October 1, 2019 – March 31, 2020).

#### ACTUAL EXPENSES

The first line of the table below provides information about actual account values and actual expenses. Although the Fund charges no sales load or transaction fees, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by U.S. Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund Services, the Fund's transfer agent. If you request that a redemption be made by wire transfer, currently a \$15.00 fee is charged by the Fund's transfer agent. You will be charged a transaction fee equal to 1.00% of the net amount of the redemption if you redeem your shares within 30 days of purchase. IRA accounts will be charged a \$15.00 annual maintenance fee. To the extent the Fund invests in shares of other investment companies as part of its investment strategy, you will indirectly bear your proportionate share of any fees and expenses charged by the underlying funds in which the Fund invests in addition to the expenses of the Fund. Actual expenses of the underlying funds are expected to vary among the various underlying funds. These expenses are not included in the example below. The example below includes, but is not limited to, management fees, shareholder servicing fees, fund accounting, custody and transfer agent fees. However, the example below does not include portfolio trading commissions and related expenses, interest expense and other extraordinary expenses as determined under generally accepted accounting principles. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

#### HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as redemption fees, or exchange fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

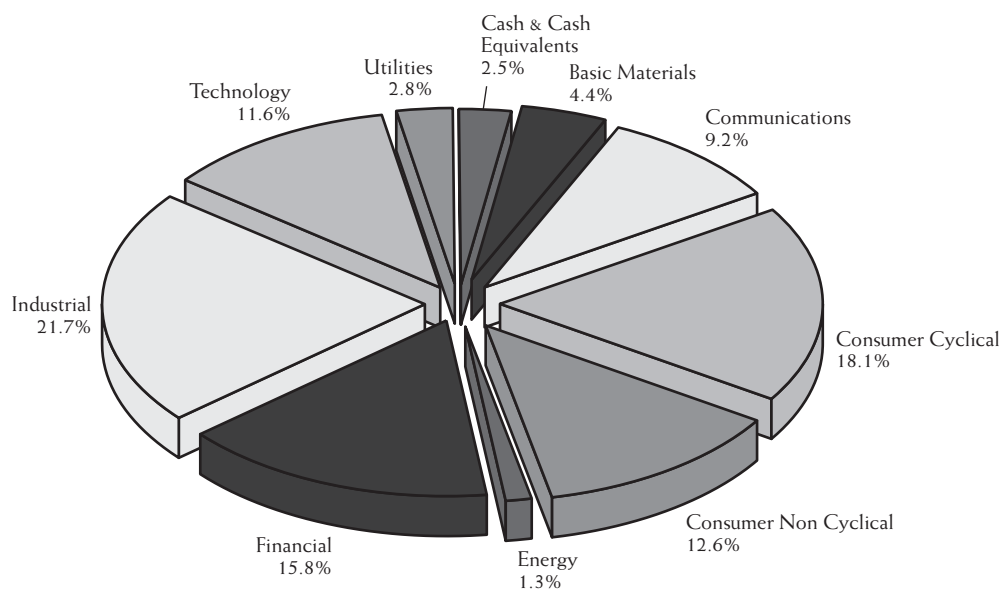
	Beginning Account Value 10/1/19	Ending Account Value 3/31/20	Expense Paid During Period 10/1/19 – 3/31/20 <sup>(1)</sup>
Actual	\$1,000.00	\$ 707.10	\$6.19
Hypothetical (5% return before expenses)	1,000.00	1,017.75	7.31

(1) Expenses are equal to the Fund's annualized expense ratio after reimbursement of 1.45% multiplied by the average account value over the period, multiplied by 183/366 to reflect the one-half year period. The annualized expense ratio prior to reimbursement was 1.57%.

# KIRR, MARBACH PARTNERS

## VALUE FUND

### ALLOCATION OF PORTFOLIO NET ASSETS (UNAUDITED) MARCH 31, 2020



### TOP TEN EQUITY HOLDINGS (UNAUDITED) AS OF MARCH 31, 2020 (% OF NET ASSETS)

Canadian Pacific Railway Ltd.	4.6%
AutoZone, Inc.	4.3%
Voya Financial, Inc.	4.0%
EMCOR Group, Inc.	3.9%
Dollar Tree, Inc.	3.9%
Colliers International Group, Inc.	3.7%
Markel Corp.	3.7%
Aon plc	3.5%
Cognizant Technology Solutions Corp. – Class A	3.4%
SS&C Technologies Holdings, Inc.	3.2%



# KIRR, MARBACH PARTNERS

## VALUE FUND

### SCHEDULE OF INVESTMENTS MARCH 31, 2020 (UNAUDITED)

Number of Shares	Value	Number of Shares	Value
<b>COMMON STOCKS – 97.5%</b>		<b>Financial – 15.8% (Continued)</b>	
		44,509	Voya Financial, Inc. <span style="float: right;">\$ 1,804,840</span>
			<span style="float: right;">7,225,764</span>
		<b>Industrials – 21.7%</b>	
		23,992	Arcosa, Inc. <span style="float: right;">953,442</span>
		9,654	Canadian Pacific Railway Ltd. <span style="float: right;">2,119,922</span>
		29,193	EMCOR Group, Inc. <span style="float: right;">1,790,115</span>
		6,865	L3Harris Technologies, Inc. <span style="float: right;">1,236,524</span>
		42,264	MasTec, Inc.* <span style="float: right;">1,383,301</span>
		26,432	Stericycle, Inc.* <span style="float: right;">1,284,067</span>
		23,144	XPO Logistics, Inc.* <span style="float: right;">1,128,270</span>
			<span style="float: right;">9,895,641</span>
		<b>Technology – 11.6%</b>	
		4,908	Broadcom, Inc. <span style="float: right;">1,163,687</span>
		20,133	Cerence, Inc.* <span style="float: right;">310,048</span>
		33,325	Cognizant Technology Solutions Corp. – Class A <span style="float: right;">1,548,613</span>
		44,648	NCR Corp.* <span style="float: right;">790,270</span>
		33,582	SS&C Technologies Holdings, Inc. <span style="float: right;">1,471,563</span>
			<span style="float: right;">5,284,181</span>
		<b>Utilities – 2.8%</b>	
		79,769	Vistra Energy Corp. <span style="float: right;">1,273,113</span>
			<b>TOTAL COMMON STOCKS</b>
			(Cost \$37,159,611) <span style="float: right;"><u>44,496,944</u></span>
		<b>Consumer Cyclical – 18.1%</b>	
		2,342	AutoZone, Inc.* <span style="float: right;">1,981,332</span>
		24,219	Dollar Tree, Inc.* <span style="float: right;">1,779,370</span>
		93,411	Extended Stay America, Inc. <span style="float: right;">682,834</span>
		14,288	IAA, Inc.* <span style="float: right;">428,068</span>
		62,035	KAR Auction Services, Inc. <span style="float: right;">744,420</span>
		11,633	Marriott Vacations Worldwide Corp. <span style="float: right;">646,562</span>
		42,176	Motorcar Parts of America, Inc.* <span style="float: right;">530,574</span>
		50,380	Spartan Motors, Inc. <span style="float: right;">650,406</span>
		16,843	Visteon Corp.* <span style="float: right;">808,127</span>
			<span style="float: right;">8,251,693</span>
		<b>Consumer Non Cyclical – 12.6%</b>	
		7,149	BioTelemetry, Inc.* <span style="float: right;">275,308</span>
		17,586	Brink's Co. <span style="float: right;">915,351</span>
		23,725	Corteva, Inc. <span style="float: right;">557,537</span>
		29,261	Dentsply Sirona, Inc. <span style="float: right;">1,136,205</span>
		4,675	ICU Medical, Inc.* <span style="float: right;">943,275</span>
		6,425	WEX, Inc.* <span style="float: right;">671,734</span>
		12,423	Zimmer Biomet Holdings, Inc. <span style="float: right;">1,255,717</span>
			<span style="float: right;">5,755,127</span>
		<b>Energy – 1.3%</b>	
		25,773	Marathon Petroleum Corp. <span style="float: right;">608,758</span>
		<b>Financial – 15.8%</b>	
		9,800	Aon plc <span style="float: right;">1,617,392</span>
		35,211	Colliers International Group, Inc. <span style="float: right;">1,690,480</span>
		39,963	Heritage Insurance Holdings, Inc. <span style="float: right;">428,004</span>
		1,816	Markel Corp.* <span style="float: right;">1,685,048</span>
			<span style="float: right;">1,685,048</span>
		<b>SHORT-TERM INVESTMENT – 4.4%</b>	
		2,010,737	First American Government Obligations Fund – Class X, 0.45%** <span style="float: right;">2,010,737</span>
			(Cost \$2,010,737)
			<b>Total Investments</b>
			(Cost \$39,170,348) – 101.9% <span style="float: right;"><u>46,507,681</u></span>
			<b>Other Assets and Liabilities, Net – (1.9%)</b> <span style="float: right;"><u>(874,509)</u></span>
			<b>TOTAL NET ASSETS – 100.0%</b> <span style="float: right;"><u><u>\$45,633,172</u></u></span>

\* Non-income producing security.  
\*\* Rate in effect as of March 31, 2020.

See Notes to the Financial Statements

# KIRR, MARBACH PARTNERS

## VALUE FUND

### STATEMENT OF ASSETS AND LIABILITIES MARCH 31, 2020 (UNAUDITED)

#### ASSETS:

Investments, at current value (cost \$39,170,348)	\$46,507,681
Receivable for Fund shares sold	30,438
Dividends receivable	25,677
Prepaid expenses	18,623
Interest receivable	1,230
<b>Total Assets</b>	<u><u>46,583,649</u></u>

#### LIABILITIES:

Payable for investment securities purchased	833,167
Accrued expenses	70,063
Payable to Adviser	30,757
Payable for audit fees	11,158
Accrued distribution fees	4,295
Payable for Fund shares redeemed	1,037
<b>Total Liabilities</b>	<u><u>950,477</u></u>

**NET ASSETS** \$45,633,172

#### NET ASSETS CONSIST OF:

Capital Stock	\$37,998,665
Total Distributable Earnings	7,634,507
<b>Total Net Assets</b>	<u><u>\$45,633,172</u></u>

Shares outstanding (500,000,000  
shares of \$0.01 par value authorized) 2,994,106

Net asset value and offering price per share<sup>(1)</sup> \$ 15.24

(1) A redemption fee is assessed against shares redeemed within 30 days of purchase.

### STATEMENT OF OPERATIONS SIX MONTHS ENDED MARCH 31, 2020 (UNAUDITED)

#### INVESTMENT INCOME:

Dividend income (net of withholding of \$2,024)	\$ 354,041
Interest income	6,226
<b>Total Investment Income</b>	<u><u>360,267</u></u>

#### EXPENSES:

Investment Adviser fees	321,531
Legal fees	48,858
Distribution fees	27,874
Administration fees	22,470
Transfer agent fees	19,964
Federal & state registration fees	14,339
Fund accounting fees	13,623
Audit fees	11,155
Custody fees	9,069
Postage & printing fees	6,954
Directors fees	6,031
Other	4,389
<b>Total expenses before reimbursement</b>	506,257
Less: Reimbursement from Investment Adviser	(40,037)
<b>Net Expenses</b>	<u><u>466,220</u></u>

**NET INVESTMENT LOSS** (105,953)

#### REALIZED AND UNREALIZED LOSS ON INVESTMENTS:

Net realized losses on investments	(206,272)
Net change in unrealized depreciation on investments	<u><u>(18,449,127)</u></u>

Net realized and unrealized  
loss on investments (18,655,399)

**NET DECREASE IN NET ASSETS  
RESULTING FROM OPERATIONS** \$(18,761,352)

See Notes to the Financial Statements

# KIRR, MARBACH PARTNERS

## VALUE FUND

### STATEMENTS OF CHANGES IN NET ASSETS

	Six Months Ended March 31, 2020 (UNAUDITED)	Year Ended September 30, 2019
<b>OPERATIONS:</b>		
Net investment loss	\$ (105,953)	\$ (173,921)
Net realized gain (loss) on investments	(206,272)	3,256,805
Net change in unrealized depreciation on investments	<u>(18,449,127)</u>	<u>(7,823,437)</u>
Net decrease in net assets resulting from operations	<u>(18,761,352)</u>	<u>(4,740,553)</u>
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	1,799,312	2,686,556
Proceeds from reinvestment of distributions	1,368,254	5,114,173
Payments for shares redeemed	(5,564,951)	(9,382,669)
Redemption fees	<u>—</u>	<u>143</u>
Net decrease in net assets resulting from capital share transactions	<u>(2,397,385)</u>	<u>(1,581,797)</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>	<u>(1,413,526)</u>	<u>(5,290,759)</u>
<b>TOTAL DECREASE IN NET ASSETS</b>	<u>(22,572,263)</u>	<u>(11,613,109)</u>
<b>NET ASSETS:</b>		
Beginning of period	<u>68,205,435</u>	<u>79,818,544</u>
End of period	<u>\$ 45,633,172</u>	<u>\$ 68,205,435</u>
<b>CHANGES IN SHARES OUTSTANDING:</b>		
Shares sold	98,005	127,755
Shares issued to holders in reinvestment of dividends	60,196	279,769
Shares redeemed	<u>(262,323)</u>	<u>(440,170)</u>
Net decrease	<u>(104,122)</u>	<u>(32,646)</u>

See Notes to the Financial Statements

# KIRR, MARBACH PARTNERS

## VALUE FUND

### FINANCIAL HIGHLIGHTS

For a Fund share outstanding throughout the period.

	March 31, 2020 <sup>(1)</sup> (Unaudited)	Year Ended September 30,				
		2019	2018	2017	2016	2015
<b>PER SHARE DATA:</b>						
Net asset value, beginning of period	<u>\$22.01</u>	<u>\$25.49</u>	<u>\$25.03</u>	<u>\$22.65</u>	<u>\$21.38</u>	<u>\$22.33</u>
Investment operations:						
Net investment income (loss)	(0.03)	(0.05)	(0.10)	(0.08)	0.16	(0.16)
Net realized and unrealized gain (loss) on investments	<u>(6.26)</u>	<u>(1.71)</u>	<u>2.27</u>	<u>3.75</u>	<u>1.18</u>	<u>(0.79)</u>
Total from investment operations	<u>(6.29)</u>	<u>(1.76)</u>	<u>2.17</u>	<u>3.67</u>	<u>1.34</u>	<u>(0.95)</u>
Less distributions:						
Dividends from net investment income	—	—	—	—	—	—
Dividends from net capital gains	<u>(0.48)</u>	<u>(1.72)</u>	<u>(1.71)</u>	<u>(1.29)</u>	<u>(0.07)</u>	<u>—</u>
Total distributions	<u>(0.48)</u>	<u>(1.72)</u>	<u>(1.71)</u>	<u>(1.29)</u>	<u>(0.07)</u>	<u>—</u>
Paid in capital from redemption fees	<u>—</u>	<u>—<sup>(1)</sup></u>	<u>—</u>	<u>—<sup>(1)</sup></u>	<u>—<sup>(1)</sup></u>	<u>—<sup>(1)</sup></u>
Net asset value, end of period	<u>\$15.24</u>	<u>\$22.01</u>	<u>\$25.49</u>	<u>\$25.03</u>	<u>\$22.65</u>	<u>\$21.38</u>
<b>TOTAL RETURN</b>	-29.29%	-5.53%	8.80%	16.72%	6.29%	-4.25%
<b>SUPPLEMENTAL DATA AND RATIOS:</b>						
Net assets, end of period (in millions)	\$45.6	\$68.2	\$79.8	\$76.4	\$70.2	\$70.0
Ratio of expenses to average net assets:						
Before expense reimbursement/recoupment	1.57%	1.54%	1.46%	1.47%	1.49%	1.46%
After expense reimbursement/recoupment	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
Ratio of net investment income (loss) to average net assets:						
Before expense reimbursement/recoupment	(0.45)%	(0.34)%	(0.37)%	(0.35)%	0.70%	(0.69)%
After expense reimbursement/recoupment	(0.33)%	(0.25)%	(0.36)%	(0.33)%	0.74%	(0.68)%
Portfolio turnover rate	11%	22%	14%	16%	23%	21%

(1) Less than \$0.01 per share.

See Notes to the Financial Statements

# KIRR, MARBACH PARTNERS

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## VALUE FUND

### NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2020 (UNAUDITED)

#### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Kirr, Marbach Partners Funds, Inc. (the "Corporation") was organized as a Maryland corporation on September 23, 1998 and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end diversified management investment company issuing its shares in series, each series representing a distinct portfolio with its own investment objective and policies. The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 "Financial Services-Investment Companies." The one series presently authorized is Kirr, Marbach Partners Value Fund (the "Fund"). The investment objective of the Fund is to seek long-term capital growth. The Fund commenced operations on December 31, 1998.

The following is a summary of significant accounting policies consistently followed by the Fund. These policies are in conformity with generally accepted accounting principles in the United States of America ("GAAP").

- a) Investment Valuation – Securities listed on the Nasdaq National Market are valued at the Nasdaq Official Closing Price ("NOCP"). Other securities traded on a national securities exchange (including options on indices so traded) are valued at the last sales price on the exchange where the security is primarily traded. Exchange-traded securities for which there were no transactions and Nasdaq-traded securities for which there is no NOCP are valued at the mean of the bid and asked prices. Securities for which market quotations are not readily available are valued at fair value as determined in good faith under the supervision of the Board of Directors. Foreign securities have been issued by foreign private issuers registered on United States exchanges in accordance with Section 12 of the Securities Exchange Act of 1934. Debt securities, including short-term debt instruments having maturities less than 60 days, are valued at the mean between the bid and asked prices as reported by an approved pricing service.

The Fund has performed an analysis of all existing investments to determine the significance and character of all inputs to their fair value determination. Various inputs are used in determining the value of each of the Fund's investments. These inputs are summarized in the following three broad categories:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the company has the ability to access.
- Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instruments on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.
- Level 3 – Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the company's own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

# KIRR, MARBACH PARTNERS

## VALUE FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) MARCH 31, 2020 (UNAUDITED)

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Fund's investments as of March 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$44,496,944	\$ —	\$ —	\$44,496,944
Short-Term Investment	2,010,737	—	—	2,010,737
Total Investments	<u>\$46,507,681</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$46,507,681</u>

Refer to the Schedule of Investments for industry classifications.

- b) Federal Income Taxes – A provision, for federal income taxes or excise taxes, has not been made since the Fund has elected to be taxed as a “regulated investment company” and intends to distribute substantially all taxable income to its shareholders and otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year ended September 30, 2019, or for any other tax years which are open for exam. As of September 30, 2019, open tax years include the tax years ended September 30, 2016 through 2019. The Fund is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the period ended March 31, 2020, the Fund did not incur any interest or penalties.
- c) Income and Expenses – The Fund is charged for those expenses that are directly attributable to the Fund, such as advisory, administration and certain shareholder service fees.
- d) Distributions to Shareholders – Dividends from net investment income and distributions of net realized capital gains, if any, will be declared and paid at least annually. The character of distributions made during the year from net investment income or net realized gains may differ from the characterization for federal income tax purposes due to differences in the recognition of income, expense and gain items for financial statement and tax purposes. All short term capital gains are included in ordinary income for tax purposes.
- e) Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.
- f) Repurchase Agreements – The Fund may enter into repurchase agreements with certain banks or non-bank dealers. The Adviser will monitor, on an ongoing basis, the value of the underlying securities to ensure that the value always equals or exceeds the repurchase price plus accrued interest.

# KIRR, MARBACH PARTNERS

## VALUE FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) MARCH 31, 2020 (UNAUDITED)

- g) Security Transactions and Investment Income – The Fund follows industry practice and records security transactions on the trade date. Realized gains and losses on sales of securities are calculated on the basis of identified cost. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and regulations. Discounts and premiums on securities purchased are amortized over the expected life of the respective securities.

The Fund distributes all net investment income, if any, and net realized capital gains, if any, annually. Distributions to shareholders are recorded on the ex-dividend date. The treatment for financial reporting purposes of distributions made to shareholders during the year from net investment income or net realized capital gains may differ from their ultimate treatment for federal income tax purposes. These differences are caused primarily by differences in the timing of the recognition of certain components of income, expense or realized capital gain for federal income tax purposes. Where such differences are permanent in nature, GAAP requires that they be reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations or net asset values per share of the Fund.

- h) Subsequent Events – The recent global outbreak of COVID-19 has disrupted economic markets and the prolonged economic impact is uncertain. The operational and financial performance of the issuers of securities in which the Fund invests depends on future developments, including the duration and spread of the outbreak, and such uncertainty may in turn impact the value of the Fund's investments. Management has evaluated Fund related events and transactions that occurred subsequent to March 31, 2020 through the date of issuance of the Fund's financial statements and determined that no additional items require recognition or disclosure.

## 2. INVESTMENT TRANSACTIONS

The aggregate purchases and sales of securities, excluding short-term investments, by the Fund for the period ended March 31, 2020, were as follows:

	Purchases	Sales
U.S. Government	\$ —	\$ —
Other	6,965,573	10,989,255

# KIRR, MARBACH PARTNERS

## VALUE FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) MARCH 31, 2020 (UNAUDITED)

At September 30, 2019, the Fund's most recent fiscal year end, the components of distributable earnings on a tax basis were as follows:

Cost of investments	\$41,711,383
Gross unrealized appreciation	29,607,985
Gross unrealized depreciation	(3,071,785)
Net unrealized appreciation	<u>\$26,536,200</u>
Undistributed ordinary income	—
Undistributed long-term capital gain	<u>1,413,518</u>
Total distributable earnings	<u>1,413,518</u>
Other accumulated losses	\$ (140,333)
Total accumulated earnings	<u>\$27,809,385</u>

As of September 30, 2019, the Fund's most recently completed fiscal year end, the Fund did not have any capital loss carryovers. A regulated investment company may elect for any taxable year to treat any portion of any qualified late year loss as arising on the first day of the next taxable year. Qualified late year losses are certain capital, and ordinary losses which occur during the portion of the Fund's taxable year subsequent to October 31. For the taxable year ended September 30, 2019, the Fund plans to defer on a tax basis, late-year and post-October losses of \$140,333.

The tax character of distributions paid during the period ended March 31, 2020 were as follows:

Ordinary Income*	Long Term Capital Gains**	Total
\$—	\$1,413,526	\$1,413,526

The tax character of distributions paid during the year ended September 30, 2019 were as follows:

Ordinary Income*	Long Term Capital Gains**	Total
\$273,110	\$5,017,649	\$5,290,759

\* For Federal income tax purposes, distributions of short-term capital gains are treated as ordinary income.

\*\* The Fund also designates as distributions of long-term gains, to the extent necessary to fully distribute such capital gains, earnings and profits distributed to shareholders on the redemption of shares.

### 3. AGREEMENTS

The Fund has entered into an Investment Advisory Agreement with Kirr, Marbach & Company, LLC (the "Investment Adviser"). Pursuant to its advisory agreement with the Fund, the Investment Adviser is entitled to receive a fee, calculated daily and payable monthly, at the annual rate of 1.00% as applied to the Fund's daily net assets.

The Investment Adviser has contractually agreed to waive its management fee and/or reimburse the Fund's other expenses to the extent necessary to ensure that the Fund's total annual operating expenses (excluding acquired fund fees and expenses, interest, taxes, brokerage commissions and extraordinary expenses) do not exceed 1.45% of its average daily net assets until February 28, 2021. The Investment Adviser may decide to continue the agreement, or revise the total annual operating expense limitations after February 28, 2021. Any waiver or



# KIRR, MARBACH PARTNERS

## VALUE FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) MARCH 31, 2020 (UNAUDITED)

reimbursement is subject to later adjustment to allow the Investment Adviser to recoup amounts waived or reimbursed to the extent actual fees and expenses for a period are less than the expense limitation cap of 1.45%, provided, however, that the Investment Adviser shall only be entitled to recoup such amounts for a period of thirty-six months following the date on which such fee waiver or expense reimbursement was made. Waived/reimbursed fees and expenses subject to potential recovery by month of expiration are as follows:

Year of expiration	Amount
April 2020 – September 2020	\$ 7,181
October 2020 – September 2021	11,773
October 2021 – September 2022	61,289
October 2022 – March 2023	40,037
	<u>\$120,820</u>

As of March 31, 2020, it was possible, but not probable, those amounts would be recovered by the Investment Adviser. At the end of each fiscal year in the future, the Fund will continue to assess the potential recovery of waived/reimbursed fees and expenses for financial reporting purposes.

Quasar Distributors, LLC, (the "Distributor" or "Quasar") serves as principal underwriter of the shares of the Fund. Effective March 31, 2020, Foreside Financial Group, LLC ("Foreside") acquired Quasar, the Fund's distributor, from U.S. Bancorp. As a result of the acquisition, Quasar became a wholly-owned broker-dealer subsidiary of Foreside and is no longer affiliated with U.S. Bancorp. The Board of Trustees of the Fund has approved a new Distribution Agreement to enable Quasar to continue serving as the Fund's distributor. The Fund's shares are sold on a no-load basis and, therefore, the Distributor receives no sales commission or sales load for providing services to the Fund. The Corporation has adopted a plan pursuant to Rule 12b-1 under the 1940 Act (the "12b-1 Plan"), which authorizes the Corporation to pay the Distributor and certain financial intermediaries who assist in distributing the Fund shares or who provided shareholder services to Fund shareholders a distribution and shareholder servicing fee of up to 0.25% of the Fund's average daily net assets (computed on an annual basis). All or a portion of the fee may be used by the Fund or the Distributor to pay its distribution fee and costs of printing reports and prospectuses for potential investors and the costs of other distribution and shareholder servicing expenses. During the period ended March 31, 2020, the Fund incurred expenses of \$27,874 pursuant to the 12b-1 Plan.

U.S Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund Services (the "Administrator"), serves as transfer agent, administrator and accounting services agent for the Fund. U.S. Bank, N.A. serves as custodian for the Fund.

The Fund imposes a 1.00% redemption fee on shares held 30 days or less. For the period ended March 31, 2020 and the year ended September 30, 2019, the Fund collected \$0 and \$143, respectively, in redemption fees.

# KIRR, MARBACH PARTNERS

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## VALUE FUND

ADDITIONAL INFORMATION  
MARCH 31, 2020 (UNAUDITED)

### BOARD APPROVAL OF INVESTMENT ADVISORY AGREEMENT

On November 13, 2019, at an in-person meeting of the Board of Directors of the Kirr, Marbach Partners Fund, Inc. (the "Corporation"), the directors, including a majority of the disinterested directors, approved the continuation of the investment advisory agreement dated June 10, 2005 (the "Advisory Agreement") between the Corporation and Kirr, Marbach & Company, LLC (the "Adviser"). It was noted that, as described in the Adviser's memorandum, the Adviser has significant experience providing investment advice and is qualified to provide investment advisory services to the Fund. In addition, it was noted that the Adviser promoted a culture of compliance. The directors noted that the Fund's short and mid-term underperformance has lagged its benchmark. The directors considered the Adviser's explanation for the Fund's short and mid-term underperformance and were satisfied with the Adviser's explanations relating to these periods. The directors also considered the Fund's longer-term performance, particularly since inception numbers, which exceeded the Fund's benchmark. The directors also noted that a significant percentage of the Fund is owned by Adviser insiders and therefore the directors feel that the Adviser's interests are aligned with other Fund shareholders. The directors considered information relating to the Fund's fees, costs and expense ratios and compared such fees, costs and expense ratios to competitive industry fee structures and expense ratios. Specifically, the directors reviewed charts prepared by the administrator based on data compiled by a nationally recognized third party comparative data provider. In connection with this, the directors also considered the control of the Fund's operating expenses through the expense cap agreement, and noted that the current expense cap agreement maintains an overall reasonable total expense level as evidenced by the comparative data presented at the meeting. In addition, the Board noted that the Adviser is providing substantially similar investment advisory services to the Fund and its other separate account clients and, with the current expense cap arrangement in place, providing such services to the Fund at substantially similar rates to those charged to the Adviser's other clients. The directors considered whether the Adviser would receive any fall-out benefits through its relationship with the Fund, and it was noted that because none of the other service providers to the Fund are affiliated with the Adviser, there are no identifiable material fall-out benefits accruing to the Adviser. The directors considered the Adviser's cost of providing services to the Fund and the profitability of its relationship to the Fund. It was noted that the Adviser's profitability was in line with its profitability for providing investment advice to its separate account clients given the current expense cap agreement, and the directors noted that the Adviser's profit in connection with its services to the Fund appeared reasonable. The directors considered whether economies of scale were being realized that could justify reduced expenses for the Fund. It was noted that current asset levels slightly increased from the prior year. During the deliberations, the disinterested directors did not identify any single consideration or particular piece of information that was all important or controlling in determining whether to approve the Advisory Agreement. The disinterested directors evaluated all information presented to them and determined that the compensation paid to the Adviser under the Advisory Agreement was fair and reasonable in light of the services to be performed.

# KIRR, MARBACH PARTNERS

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## VALUE FUND

ADDITIONAL INFORMATION  
MARCH 31, 2020 (UNAUDITED)

### AVAILABILITY OF FUND PORTFOLIO INFORMATION

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q or Part F of Form N-PORT (beginning with filings after March 31, 2020), which is available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's Form N-Q or Part F of Form N-PORT may be reviewed and copied at the SEC's Public Reference Room in Washington D.C. For information on the Public Reference Room call 1-800-SEC-0330.

### AVAILABILITY OF PROXY VOTING INFORMATION

Both a description of the Fund's Proxy Voting Policies and Procedures and information about the Fund's proxy voting record will be available (1) without charge, upon request, by calling 1-800-870-8039, and (2) on the SEC's website at [www.sec.gov](http://www.sec.gov).

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DIRECTORS

Mark Foster, CFA  
Mickey Kim, CFA  
Jeffrey N. Brown  
Mark E. Chesnut  
John Elwood

PRINCIPAL OFFICERS

Mark D. Foster, CFA, President  
Mickey Kim, CFA, Vice President, Treasurer and Secretary

INVESTMENT ADVISER

Kirr, Marbach & Company, LLC  
621 Washington Street  
Columbus, IN 47201

DISTRIBUTOR

Quasar Distributors, LLC  
111 East Kilbourn Ave., Suite 1250  
Milwaukee, WI 53202

CUSTODIAN

U.S. Bank, N.A.  
1555 North RiverCenter Drive, Suite 302  
Milwaukee, WI 53212

ADMINISTRATOR,

TRANSFER AGENT AND  
DIVIDEND – DISBURSING AGENT  
U.S. Bancorp Fund Services, LLC  
615 E. Michigan Street  
Milwaukee, WI 53202

INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM  
Tait, Weller & Baker LLP  
Two Liberty Place  
50 South 16th Street, Suite 2900  
Philadelphia, PA 19102

LEGAL COUNSEL

Kirkland & Ellis LLP  
300 North LaSalle  
Chicago, IL 60654

*This report should be accompanied or preceded by a prospectus.*

*The Fund's Statement of Additional Information contains additional information about the Fund's directors and is available without charge upon request by calling 1-800-808-9444.*

*The Fund's Proxy Voting Policies and Procedures are available without charge upon request by calling 1-800-808-9444. A description of the Fund's proxy voting policies and procedures is available on the Fund's website, [www.kmpartnersfunds.com](http://www.kmpartnersfunds.com), or on the SEC's website, at [www.sec.gov](http://www.sec.gov). Information regarding how the Fund voted proxies relating to portfolio securities during the twelve months ended June 30, is available without charge upon request by calling 1-800-808-9444 or on the SEC's website, at [www.sec.gov](http://www.sec.gov).*

SEMI-ANNUAL REPORT

MARCH 31, 2020