AEGIS Value Fund

AEGIS FUNDS

Portfolio Manager's Letter
2nd Half Ended December 31, 2022

January 20, 2023

Table 1: Performance of the Aegis Value Fund as of December 31, 2022

		Annualized				
	Six Month	One Year	Three Year	Five Year	Ten Year	Since Inception
Aegis Value Fund (AVALX)	10.88%	10.50%	21.78%	13.51%	11.14%	10.97%
S&P Sm. Cap 600 Pure Value Index ^	7.18%	-6.42%	9.54%	5.48%	8.85%	N/A
S&P 500 Index	2.31%	-18.11%	7.66%	9.42%	12.56%	7.15%
Morningstar Percentile Ranking *		1	1	1	5	
Funds in Small Value Category		451	442	427	390	

** Morningstar Percentile Ranking is based on total return. ^Available performance data for the S&P SmallCap 600 Pure Value Index prior to the December 16, 2005 inception date of this Index cannot be shown as display of pre-inception Index performance data is not permitted. Performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The investment return and principal value will fluctuate so that upon redemption, an investor's shares may be worth more or less than their original cost. For performance data current to the most recent month end, please call us at 800-528-3780 or visit our website at www.aegisfunds.com. The Fund has an annualized gross expense ratio of 1.48% and a net annualized expense ratio, after fee waiver and/or expense reimbursement and management fee recoupment, of 1.50%. Under the waiver, the Advisor has contractually agreed to limit certain fees and/or reimburse certain of the Fund's expenses through 4/30/2023.*

Dear Aegis Investor:

We are pleased to report that the Aegis Value Fund delivered a 10.50 percent gain in calendar year 2022, significantly outperforming its primary benchmark, the S&P Small Cap 600 Pure Value Index, which declined by 6.42 percent. Over the past five years, the Aegis Value Fund has compounded returns at an annualized 13.51 percent, significantly exceeding the 5.48 percent annualized return of the S&P 600 Pure Value Index, and also beating out the 9.42 percent annualized five-year return of the S&P 500. The Fund's returns in 2022 were strong enough to rank it 5th for one-year performance in the Wall Street Journal's quarterly "Winners' Circle" survey, which covered a universe of 1,410 actively-managed diversified equity mutual funds with a three-year track record and more than $50 million in assets at year-end. Interestingly, 2022 was such a difficult year that only 40 funds of the 1,410 covered by the survey delivered positive results.

The Federal Reserve Was Forced To Hike Interest Rates As Inflation Surged In 2022

2022 may go down as the year of the Federal Reserve hawkish pivot. After $4.5 trillion of newly minted dollars in monetary "stimulus" was pumped into the economy in 2020 and 2021 as the Fed vacuumed-up Treasuries and mortgage-backed securities in support of an unprecedented level of Federal "emergency" hand-outs, the M2 money supply had blown out by a massive 40 percent in just 24 months. Furthermore, with the Consumer Price Index exploding to a 40-year high of nine percent year-over-year in the first half of 2022, the Fed's sanguine view that inflationary pressures were merely a "temporary" and "transitory" result of Covid-related supply chain inefficiencies was also rapidly losing credibility. With the bond markets quickly souring as lenders demanded substantially higher interest rates on loans to compensate for increased inflationary risks, the Fed was finally forced to address the deteriorating monetary conditions. Perhaps feeling a bit "behind the curve" in its delayed response, the Fed reacted with a vengeance. By the time the year was over, the Fed had blasted interest rates up by a stunning 425 basis points, the most aggressive monetary tightening within a single year since 1981.

Resulting In Equity Market Carnage

With the Fed finally cranking yields higher after more than a decade of yield-suppression, the markets were caught like deer in the headlights as speculative market valuations, propped-up for years by low interest rates, began to look vulnerable. By the time the year was finished, the broad-based S&P 500 Index had plunged by 18.1 percent, delivering the worst calendar-year return since the Global Financial Crisis in 2008. The richly-valued, tech-heavy Nasdaq Composite Index suffered particularly large losses, plunging by a whopping 32.5 percent as valuation multiples careened back to earth. The FANG stocks were close to the epicenter of the equity drop, with Amazon declining by 49.6 percent and Meta losing 64.2 percent. Tesla shares were down 65 percent. Even Apple lost 26.8 percent in 2022. Many highly speculative stocks experienced a particular bloodbath with shares, for example, of Carvana, a high-tech car-dealer once widely expected to revolutionize and capture the used-car market, falling by an astounding 98 percent.

Bonds Were No Place To Hide This Time, Either

In 2022, despite the equity declines, bonds also sold off dramatically as yields surged. This behavior stood in stark contrast to bond market behavior during recent periods of equity turmoil, when strongly performing bond markets had bolstered returns of balanced portfolios as flight-to-safety bids drove bond prices up and yields lower. This time, as equities fell bond prices joined in on the declines, upending conventional wisdom. The ten-year Treasury yield climbed from 1.51 percent to top the year at 4.64 percent in November before dropping off to 3.88 percent at year-end. As the Fed tightened, two-year Treasury yields rose a massive 369 basis points to end the year yielding 4.42 percent, substantially higher than the 10-year Treasury yield as the yield curve slope went negative. The mortgage market was also hit hard as yields soared, with Mortgage Bankers' Association 30-year mortgage rates tagging 7.16 percent in October, more than double the 3.31 percent rate at the start of the year before dropping to close the year at a 6.34 percent rate. Corporate bonds provided no safe haven, with the Bloomberg US Aggregate Total Return Index of broad-based, intermediate-term investment grade US bonds dropping by 13.01 percent in 2022. Given the concurrent declines in both equities and fixed income, investors with balanced portfolios experienced a sting in 2022 unlike any in recent memory. According to Goldman Sachs, so-called 60/40 portfolios comprised of 60 percent US Stocks and 40 percent US Treasuries (10-year) experienced one of the worst years on record, with reported declines of approximately 15 percent as of mid-November.

Energy Sector Stocks Overwhelmingly drove Aegis Value Fund Returns in 2022

The sector with the biggest positive impact to Aegis Value Fund returns in 2022, adding 22.65 percentage points, was energy. The sizable contribution from energy stocks was particularly remarkable when considering that these positions comprised 23.8 percent of Fund assets at the start of the year. Over the course of 2021, we had increased our allocation to energy, making several investments in the space as sluggish stock prices failed to incorporate rapidly improving energy fundamentals as the price of Crude Oil soared by 55 percent. Furthermore, capital investment into fossil fuel producers and the multitude of service companies that provide support to the sector had been anemic in recent years. Investor sentiment was extraordinarily poor as energy prices plumbed depressed levels driven by Covid-related demand destruction. Moreover, an ever-expanding number of government-regulated banks and other capital providers were avoiding capital investment in fossil fuel-related enterprises altogether, seeking to base capital allocation decisions on certain political or ideological belief systems, we believe, rather than basing capital allocation decisions on maximizing risk-adjusted client returns. As a result, not only were many energy-related companies trading at discounts to tangible book value, but many of these companies were also generally sporting strong cash flow yields, courtesy of climbing energy prices. Furthermore, with banks wanting to pull loans and equity investors wanting to divest, many of these companies were prudently using the surging cash flows to repay debt and repurchase cheap shares.

While WTI oil prices recorded a modest 6.71 percent gain in 2022, the year witnessed an unusual level of energy market volatility, with WTI oil spiking to above $130 in early March following Russia's invasion of Ukraine. International sanctions on Russian energy exports, as well as the curtailment of gas and destruction of Russian gas transportation assets sent European energy prices sky high, disrupting industrial production, and driving additional demands for thermal coal, liquified natural gas (LNG) and other sources of energy as the European electrical generation grid struggled to recalibrate.

Most positively impacting Fund returns in the year were gains in the Fund's position in **Hallador Energy Company (HNRG)**. The 7 million ton per annum Indiana-based thermal coal producer, which started the year as a $75 million market cap company, added 5.97 percentage points to Fund returns. We significantly grew the position in the first half of 2022 as shares began climbing to eventually more than triple in value. The levered company, with $108 million in debt, had been trading at about half of tangible book value as it struggled with depressed margins as cost inflation ate into profits after much of its coal production for the year had been contracted out at modest pricing prior to the run-up in coal. Fortunately, the company was able to get through the margin squeeze, repricing a substantial portion of its coal at excellent prices starting in September. We believe Hallador should now be able to generate pretax operating cash flow (EBITDA) of $160 million on contracted business in 2023, allowing the company to potentially repay the entirety of its debt. Furthermore, during the year Hallador was able to pull off what appears to be an extraordinarily bargain priced purchase of the Merom Generating Station. The reportedly well-maintained, one-gigawatt coal-fired power plant, with potential for many years of additional service, was acquired at a price well below carried book value from a seller whose new management team we understand decided to shift strategy in favor of green energy. With new coal power plants reportedly costing in excess of $3,000 per Kilowatt ($3 billion per gigawatt) in 2008 (few new plants have been built since), we think Hallador shareholders may be the recipients of a great deal. The plant, located just a few miles down the road from Hallador's mining infrastructure, should provide the ability for Hallador to vertically integrate operations and broaden its potential customer base, adding the ability to convert coal and sell the electricity to a myriad of new buyers on the increasingly hungry grid. At year-end, Hallador was the largest position in the Fund, comprising 7.54 percent of Fund assets.

Outside of Hallador, two of the Fund's other large energy-sector holdings, **MEG Energy (MEG.TO)** and **International Petroleum Corporation (IPCO.TO)**, also performed well, benefitting from surging cash flows as oil prices soared higher in 2022, allowing each to substantially reduce debt and buy back shares at attractive, value-accretive prices. Gains on MEG and IPCO together added 6.95 percentage points to Fund returns. As both companies are extraordinarily well managed, and continue to sport strong free cash flow yields and long reserve lives, we continue to maintain our positions.

<u>We remain optimistic that energy prices are likely to continue to experience strength</u>

While oil prices have been on the decline since peaking in March of 2022, we remain quite optimistic for future oil price gains given the fundamental backdrop. Oil prices today, in "real," 2022-dollar terms are not particularly expensive compared to historic averages and global oil inventories have plunged. On the supply side, the dumping of a million barrels per day from the US Strategic Petroleum Reserve, a political move that has artificially expanded supply in the market, should soon end, particularly since the SPR is now at near 40-year lows. Supply growth remains challenged, with excess available OPEC supply appearing severely limited and few non-OPEC long-lead projects sanctioned for construction in recent years. Furthermore, prospects for a continuation of the US "shale revolution" which added so much global capacity in recent years appears to have hit its zenith, with significant new investment in oil service assets now required to further drive substantial supply growth. Global supply of Russian crude, absent a change in sanctions, is likely to continue to decline as access to western oilfield maintenance practices becomes more limited. On the demand side, while the depth and impacts of a possible global recession are indeed a wildcard, we believe the end of China's constrictive Zero Covid Policy will likely be a significant tail-wind to growth, adding perhaps another million barrels of daily oil demand. With such an opportunistic supply and demand picture, we remain optimistic that oil prices may have strong days ahead.

<u>Surging Interest Rates Dampened Lumber Demand, Causing Our Lumber Mill Assets To Decline In Value</u>

Dramatic increases in mortgage rates for home purchases in 2022 threw a wet blanket on the housing market. Home affordability, already suffering given the approximate 40 percent rise in home prices since 2020, took an even more challenging turn. Existing homeowners, having recently refinanced at low mortgage rates, became increasingly reluctant to lose their existing bargain-priced mortgage rate as they pondered trading up to a new house. As a result, new home construction has weakened considerably.

Fund returns were hurt by the retrenchment in new-home construction, which sent lumber prices plummeting by approximately 70 percent in the back half of 2022. The Fund had entered the year with approximately 18.5 percent of Fund assets invested in five different lumber producers with **Interfor (IFP.TO)**, at 8.4 percent and **Resolute Forest Products (RFP)**, at 5.3 percent, being the two largest positions. Exceptionally high lumber pricing in recent years had been providing these companies with extraordinary cash flows, allowing both Interfor and Resolute to eliminate large amounts of debt from their balance sheets. However, despite the rapidly dwindling debt burden, both firms continued trading at extremely high cash flow yields. While we understood that lumber prices were unusually high and likely to decline over time, we were happy that balance sheets in the sector had been massively de-risked and were pleased that many of our lumber investments had been increasingly returning cash to shareholders through dividends and share repurchases that appeared highly accretive given the cash flows.

Fortunately, in early July, Resolute Forest Products announced that it had agreed to a sale of the company to Paper Excellence in a $2.7 billion cash deal that represented a premium of 64 percent over the pre-announcement closing price. With the shares up dramatically, rather than taking on deal-risk, we took the opportunity to exit the Fund's full position in Resolute Forest Products. The Resolute share sale turned out to be the Fund's largest disposition in 2022. Resolute gains added an estimated 2.14 percentage points to 2022 returns.

Unfortunately, we held on to our position in Interfor, which began to sink lower as lumber declined – a function of higher mortgage rates taking a serious bite out of home construction, resulting in a decrease in lumber demand. We had been quite optimistic that our downside in Interfor would be limited, despite the high probability of declining lumber prices over time, given that the company was flowing significant operating cash flow onto the balance sheet, rapidly de-risking valuation. However, we were a caught a little off-guard when the company announced in October that it would acquire Chaleur Forest Products, a 350 million board-foot sawmill operation with two plants in New Brunswick Canada for $280 million. While we understand Chaleur is a modern, efficient and well-run operation, Interfor management appears to have paid a fairly full price of close to $650/thousand board foot for a mill with very few cost synergies with the rest of Interfor's operations. Importantly, Interfor paid a valuation far above where the rest of Interfor's operations were trading on a board-foot basis. The move appeared to be a departure from Interfor's previous successful strategy of purchasing poorly performing assets with good cost synergies at low valuation levels during cyclical downturns and competently upgrading operations. While we certainly hope management will be able to pull a rabbit out of the Chaleur hat, for now the full-priced purchase has unfortunately left the investment community questioning management's capital allocation proficiency. Furthermore, while the recently closed acquisition was conservatively funded with well-termed debt, it did put additional debt onto the company's books just as the lumber markets cratered and cash flow in the industry was turning negative. Interfor was the Fund position with the worst impact on performance in 2022, with a decline in the value of the position costing an estimated 3.49 percentage points.

The Fund Is Sticking With Our Lumber Positions

Despite the losses, we currently intend to hold the Interfor position pending a recovery. While we certainly share investor concerns that the near-term home construction market is facing significant headwinds driven by surging mortgage rates, we believe that Interfor's share price, having declined roughly 50 percent from the peak, now already discounts a fairly significant bear market in housing. Trading at just 55 percent of book value and at just $250 per thousand board foot of sawmill capacity, the stock represents excellent value substantially below replacement cost. And while competitors in recent years have spent in excess of $650/thousand board foot for new construction in the Southeast US, new supply additions have been quite limited. Additionally, historic high-cost supply from western Canada has continued to shut down, which will assist in balancing the market. Furthermore, while new home demand may experience a period of weakness driven by mortgage rate sticker shock, we believe strong nominal wage growth and new home price declines, driven by input price declines and homebuilder margin compression, will rapidly improve new home affordability. Long term demographics strongly favor growth in household formation, and a dearth of new supply of homes since the Global Financial Crisis has left the housing market structurally undersupplied. And of course, any declines in mortgage rates would certainly hasten the probability of a lumber market recovery.

Drops In Precious Metals Mining Holdings Also Hurt Fund Returns

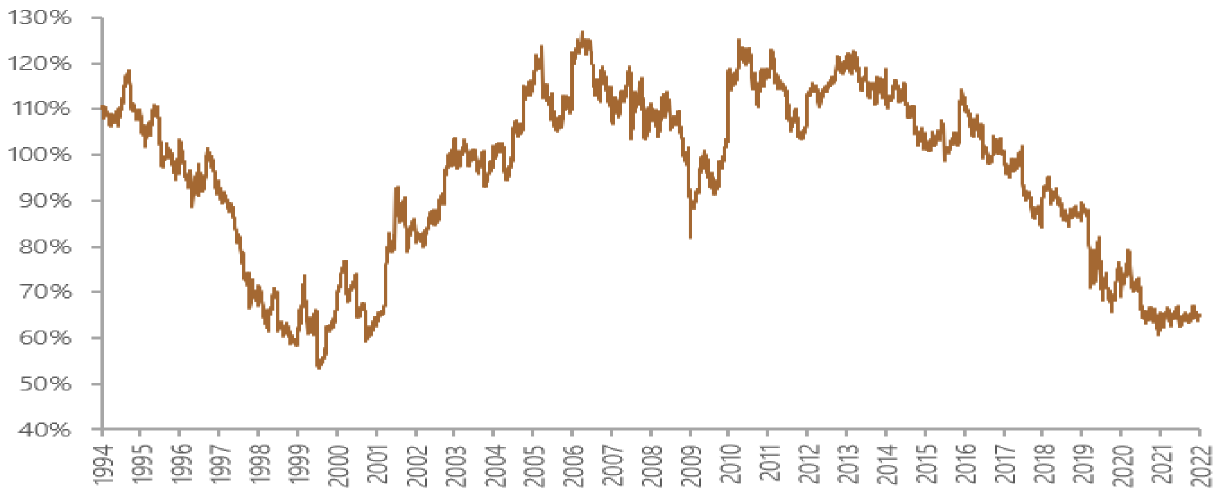
In addition to the drop in Interfor, the Fund experienced declines in a number of its precious metals mining holdings in 2022. These positions, which in aggregate represented roughly just under a quarter of Fund assets on average over the year, negatively impacted Fund returns in 2022 by an estimated 6.13 percentage points. While gold pricing held up remarkably well despite the aggressive level of Federal Reserve tightening, losing just 0.13 percent over the year, the junior mining companies fared significantly more poorly as investor sentiment on the sector continued to sour. The MVIS Global Junior Gold Miners Index significantly underperformed gold in 2022, dropping by 14.27 percent. Declines from two of the Fund's large precious metals mining holdings, Argonaut (ARG.TO) and IAMGold (IAG), were particularly damaging to returns. Both companies suffered large losses in market value as their respective construction projects in Canada each suffered from a series of massive cost overruns that destroyed shareholder value. Half pregnant from having invested substantial capital in insufficiently engineered projects now facing dwindling economic returns, both companies were scrambling in 2022 to sell off assets or raise substantially dilutive equity to fund construction to completion. While Covid issues certainly played a role in the project cost overruns experienced at each of these mid-tier gold producers, we presume there was likely a significant degree of project management incompetence. Unfortunately, we also suspect there was a degree of unacceptable delay with respect to accurate shareholder communication as these projects encountered difficulties. Management at both companies were correctly replaced. Given the extent of the overruns and fearing the possibility of an asset fire-sale or significant equity dilution, particularly in the case of a near-term precious metals decline, we sold the entirety of both positions in 2022 at a loss, and redeployed capital to other gold miners. Overall, Argonaut and IAMGold share declines alone cost the Fund a total of approximately 2.22 percentage points in 2022.

The Fund Is Maintaining Its Hefty Positioning in Precious Metals

Despite the poor performance in the Fund's precious metals mining positions in 2022, we remain optimistic that the sector will experience a recovery and have rotated capital into the segment over the year as gold mining stocks declined. While we were clearly caught flat footed in 2022 on a few of our precious metals mining holdings, we have spent a substantial amount of time investigating the sector and are confident that we have assembled a solid portfolio of gold miners that are significantly undervalued in the context of gold prices today. The Fund's selection of gold miners is anchored by significant positions in existing producers that are conservatively financed and are trading at modest levels relative to company cash-flows. Furthermore, these companies have good prospects for production growth over time and excellent exploration upside. We would expect equity valuations of this group of gold mining stocks to improve over the next several quarters through expected project execution, even in a continued static gold pricing environment. However, in the case that the current Federal Reserve tightening cycle further slows or perhaps even shifts dovishly into reverse, we suspect gold prices could rise significantly higher, potentially driving extraordinary returns in this segment of the portfolio, which at year-end represented 22.5 percent of Fund assets.

The Federal Reserve's rapid increase in interest rates and its moves to allow Treasuries and mortgaged-backed securities to mature off its balance sheet through quantitative tightening certainly appears to have dampened the inflationary flames, with the CPI appearing to have crested in June at 9.1 percent year-on-year growth before falling to a rate of 6.5 percent in December, with base-effects suggesting an even lower year-on-year future growth in the coming months. Furthermore, supply chain issues appear to have moderated significantly, commodity prices have declined remarkably, and shipping rates have plummeted. Monetary growth (of M2) has now flattened out completely over the last

Figure 1: Russell 2000/S&P 500 Relative P/E



Source: Bloomberg. Represents trailing 12-month P/E. Profitable companies only. (Data from 1/3/1995 to 12/31/2022)

year, and while there is still job growth, albeit at a slowing pace, there is now much talk of economic recession. While the Fed has started to slow the pace of hikes, making just a 50 basis-point hike in December after several consecutive 75 basis point hikes, the Fed has indicated it would like to keep interest rates elevated for some time.

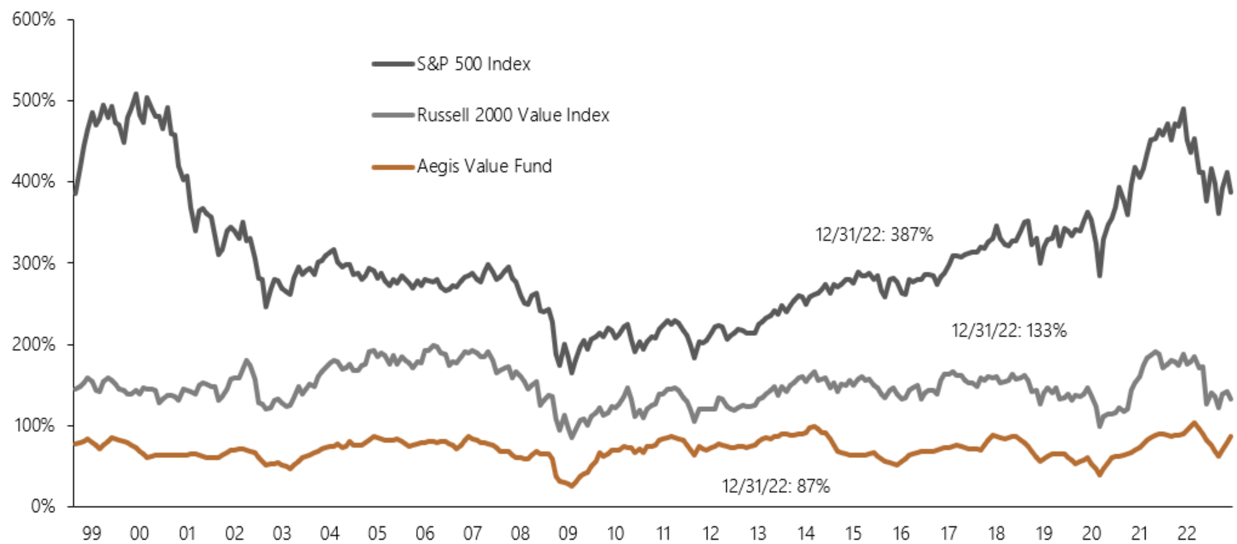
It remains an open question as to how rapidly and intensely the Feds rate hikes and balance-sheet run-off will impact market liquidity and economic activity. Interestingly, consumers have locked in ultra-low mortgage rates over the last several years, and many corporations have issued low-interest long-term bonds, making these entities much more insulated from the impacts of interest rate increases. However levered borrowers who have used short term or variable-rate bank loans to fund operations or real-estate holdings are likely to begin to experience significant financial pressures as rates reset higher. The Federal Government, which has funded its $32 trillion of debt at a term of just over five years will also begin to feel some significant fiscal pressure as interest costs begin to climb. With the amount of leverage in the economy relative to GDP, these financial pressures could certainly escalate over time and pose systematic economic risks.

Inflation could also continue to subside as higher interest rates begin to bite into the economy, giving the Fed additional flexibility to pause rates or cut. However, should inflation remain at elevated levels, we suspect the Fed may find itself in a serious bind, particularly if the economy begins to turn down at the same time. In such a scenario, we remain skeptical that the Fed will have the will to stand-up to the extraordinary political pressure it may face as economic stresses begin to break-out and, perhaps more importantly, as Federal fiscal balances turn negative.

As it stands, equity markets remain remarkably sanguine, with the S&P 500 now trading at a more rational 17 times forward earnings estimates, down from a lofty level of around 22 times last year. However, despite all the talk of recession, S&P 500 earnings are still forecasted to be 7 percent higher this coming year than last. Over time, we suspect these forecasts may prove overly optimistic. With wage growth, higher interest rates, a stronger dollar and deglobalization potentially impacting corporate margins, we believe general S&P 500 earnings are vulnerable today. With previous recessions reportedly registering 20 percent drops in S&P 500 earnings, it does not appear that a recession has been yet priced into the markets, despite all the talk. Should a recession in the near future begin to bite into S&P 500 earnings, we believe the road ahead for the S&P 500 could remain rocky.

Fortunately, the markets remain significantly bifurcated, with small-caps trading very attractively compared to large-caps relative to history, as can be seen in Figure 1. Furthermore, the spread between the portion of the market trading at lower valuation multiples and the portion of the market trading at higher valuation multiples, known as the value spread, remains at elevated levels, with well-known quantitative investment firm AQR recently suggesting in a recent piece titled "The Bubble Has Not Popped" that composite global value spreads based on five metrics (book-to-price, earnings-to-price, forecast earnings-to-price, sales-to-enterprise value, and cash flow-to-enterprise value) are currently at the 94th highest percentile across 32 years of data. The spread is reportedly more than two standard deviations above the historical average, implying an unusual amount of valuation dispersion exists in the market today between "value" stocks and "growth" stocks.

Figure 2: Aegis Value Fund, Russell 2000 Value and S&P 500 Index Historical Price-to-Book Ratio



Source: Aegis Financial Corp and Bloomberg (Data from 9/30/1998 to 12/31/2022)

Because this value spread is currently so wide, we are continuing to find a large number of interesting prospective investment candidates, despite a general market valuation that does not appear particularly attractive. Our Fund's portfolio of small-cap, deep value stocks today offers what we believe is an unusually strong investment opportunity, particularly relative to the broader equity market. As Figure 2, demonstrates, equities in the Aegis Value Fund currently trade at just 87 percent of book-value, approximately one quarter the valuation of the S&P 500, an unusually wide historical valuation dispersion. While future macroeconomic conditions are always uncertain and prone to forecast error, we take solace in the fact that we have diligently researched and assembled what we believe is a strong portfolio of generally well-financed companies offering some of the best risk/reward profiles available in the market today. At year-end, Aegis employees and their families owned in excess of $40 million in Fund shares. We continue to carefully monitor the portfolio for emerging risks. Should you have any questions, our shareholder representatives are available at (800) 528-3780. You are also welcome to call me personally at (571) 250-0051.

Sincerely,

Scott L. Barbee

Scott L. Barbee
Portfolio Manager
Aegis Value Fund

Please see the following page for important information.

The Aegis Value Fund is offered by prospectus only. Investors should carefully consider the investment objectives, risks, charges and expenses of the fund. The Statutory and Summary Prospectuses contain this and other information about the Fund and should be read carefully before investing. To obtain a copy of the Fund's Prospectus please call 1- 800-528-3780 or visit our website www.aegisfunds.com, where an on-line version is available.

Mutual fund investing involves risk. Principal loss is possible. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. Investments in smaller and mid-cap companies involve additional risks such as limited liquidity and greater volatility. Investment concentration in a particular sector involves risk of greater volatility and principal loss. Value stocks may fall out of favor with investors and underperform growth stocks during given periods.

The Fund's top ten holdings are Hallador Energy Company, Amerigo Resources Ltd., International Petroleum Corp., MEG Energy Corp., Kenmare Resources, Peabody Energy Corp., Minera Alamos Inc., Orezone Gold Corp., Capital Limited., and Interfor Corp. As of December 31, 2022, the stocks represent 7.9%, 6.5%, 6.3%, 5.6%, 5.3%, 4.8%, 3.9%, 3.8%, 3.7%, and 3.5%, of total Fund assets respectively. Fund holdings are subject to change and should not be considered a recommendation to buy or sell a security. Current and future portfolio holdings are subject to risk.

Morningstar Rankings represent a fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees.

Price to Book: A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. **Book Value:** A company's common stock equity as it appears on a balance sheet. **S&P 500 Index:** An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. **Cash Flow:** A revenue or expense stream that changes a cash account over a given period. **MVIS Global Junior Gold Miners Index:** The modified market cap-weighted index tracks the performance of the most liquid junior companies in the global gold and silver mining industry. **WTI**: West Texas Intermediate is a grade of crude oil used as a benchmark in oil pricing. **The S&P SmallCap 600 Pure Value Index:** An index maintained and selected by the S&P Index Committee. It contains companies with market caps in the range of US$ 300 million up to US$1.4 billion and with public floats of at least 50% and with strong value characteristics. **Consumer Price Index:** A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living. **M2**: is a broader classification of money than M1. Economists use M2 when looking to quantify the amount of money in circulation and trying to explain different economic monetary conditions. **EBITDA:** Earnings before interest, taxes, depreciation and amortization expenses. **OPEC**: The Organization of Petroleum Exporting Countries is a group consisting of 12 of the world's major oil-exporting nations. **NASDAQ Composite Index:** A market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks. The index includes all Nasdaq listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debentures. **Bloomberg Barclays Global Aggregate Total Return Index:** a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers. **Tangible Book Value:** The net asset value of a company, calculated by total assets minus intangible assets (patents, goodwill) and liabilities. **Basis Point:** One 100th of one percent. **Yield Curve Slope:** A curve showing the difference between the interest rate on long-term and short-term debt. **US Strategic Petroleum Reserve:** The world's largest supply of emergency crude oil. It was established primarily to reduce the impact of disruptions in supplies of petroleum products and to carry out obligations of the United States under the international energy program.

Diversification does not guarantee a profit or protect from loss in a declining market.

An investment cannot be made directly in an index.

Earnings growth is not representative of the Fund's future performance.

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.

References to other investment products should not be interpreted as an offer of these securities.

Quasar Distributors, LLC is the distributor for the Aegis Value Fund.