AEGIS **Value Fund**

Portfolio Manager's Letter
Quarter Ended September 30, 2014

October 27, 2014

Dear Aegis Investor:

The Aegis Value Fund (Class I) declined by 14.98 percent during the quarter, underperforming the 8.58 percent drop in its primary benchmark, the Russell 2000 Value Index. Past performance figures for both the Aegis Value Fund and the Russell 2000 Value Index are presented in **Table 1**, below:

Table 1: Performance of the Aegis Value Fund as of September 30, 2014

			Annualized					
	Three Month	Year-to-Date	One Year	Three Year	Five Year	Ten Year	Since I Share Inception*	Since A Share Inception*
Aegis Value Fund Cl. I	-14.98%	-12.55%	-9.06%	18.47%	14.66%	7.49%	10.77%	NA
Aegis Value Fund Cl. A at NAV	-15.04%	NA	NA	NA	NA	NA	NA	-12.68%
Aegis Value Fund Cl. A -With Load	-18.21%	NA	NA	NA	NA	NA	NA	-15.96%
Russell 2000 Value Index	-8.58%	-4.74%	4.13%	20.61%	13.02%	7.25%	7.73%	-4.55%

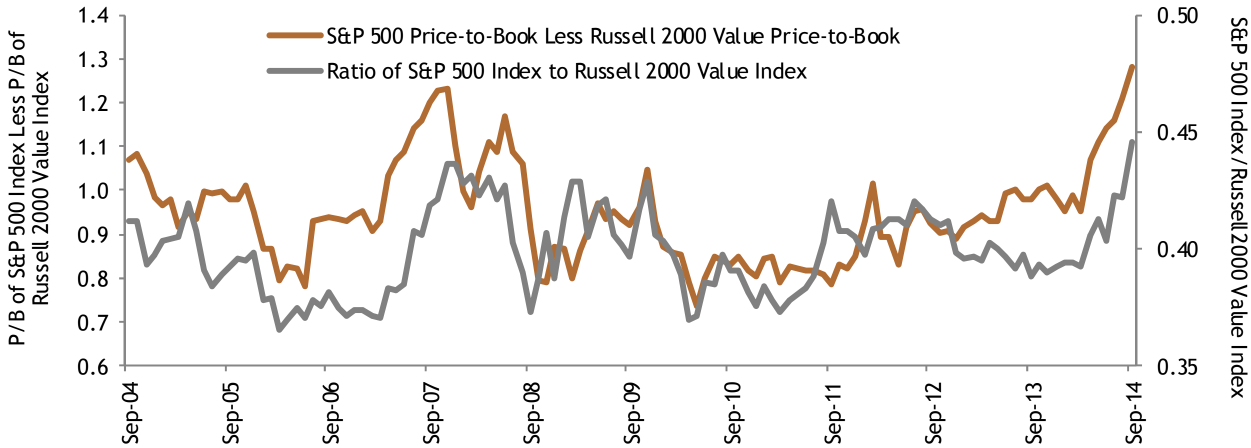
** Aegis Value Fund Class I (AVALX) and A (AVFAX) Inception were 5/15/98 and 2/26/14, respectively.*

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. Performance data for the Class A shares with load reflects the maximum sales charge of 3.75%. Additionally, performance for the Class A Shares without load is shown at NAV, and does not reflect the maximum sales charge. If reflected, total return would be reduced. The Fund's Class I and Class A shares have an annualized expense ratio of 1.38% and 1.63%, respectively.

Investor angst rose in the third quarter as economic headwinds in the Eurozone, Japan and China rekindled fears of global economic instability. The quarter's geopolitical backdrop was not particularly reassuring either, with the emerging threat of ISIS in Iraq, the West's deteriorating relationship with Russia, the efforts by Chinese leadership to consolidate power and assert control over Hong Kong, and the emergence of deadly Ebola in West Africa. Prospects of additional money printing in Europe and Japan further compounded investor anxiety. Amid the increasingly chaotic environment, the U.S., with its slowly improving economy and its scheduled curtailment of quantitative easing, emerged as an attractive destination for "safe haven" capital. Spurred by inbound investment, the dollar strengthened 8.38 and 8.21 percent in the quarter against the Euro and the Yen, respectively. Large cap, internationally recognized U.S. equities also continued their winning streak during the quarter, with the S&P 500 Index climbing 1.13 percent. Long-term Treasuries were a top performing asset class, with the Barclays U.S. Treasury 20 Years+ Index gaining 3.00 and 16.58 percent for the quarter and first nine months, respectively. Long-term Treasuries have continued their ascent in October with the 30-year Treasury yield crossing below three percent for the first time since May 2013 as world markets grew increasingly concerned over lackluster global growth.

The third quarter was a difficult time to be a deep value investor in small cap equities. While the S&P 500 Index delivered 33 new all-time highs in the first 8 ½ months of 2014, beneath the pleasant equity market façade a surprisingly high number of stocks entered bear markets as trading liquidity became challenged. As of mid-September, according to Bloomberg, more than 40 percent of stocks in the Russell 2000 Index were off more than 20 percent from their highs, compared with only six percent of stocks in the S&P 500. Within the Nasdaq Composite Index, an even higher 47 percent of stocks were at least 20 percent off their highs. Clearly, performance and valuation among equities have become increasingly bifurcated in recent months, as the smooth upward glide of the S&P 500 attracted capital from other investments. In fact, one well-known S&P 500 Index ETF attracted $11.3 billion of capital inflow during the quarter, the second largest quarterly inflow in six years. Conversely, investor sentiment towards small caps has soured amid mounting liquidity concerns and anxiety over the potential market impact of quantitative easing's conclusion. The emerging bifurcation can be seen in **Figure 1**, which shows a material increase in the ratio of the S&P 500 Index to the Russell 2000 Value Index and an increase in the S&P 500 Index's price-to-book ratio premium over the Russell 2000 Value Index's price-to-book ratio since the beginning of 2014. This price-to-book premium actually hit a 10-year high at quarter-end. Amid the increased volatility as investors rotated to large caps, many of the Fund's positions ended up experiencing price declines well in excess of what we consider justified by changes in company fundamentals.

Figure 1: As the S&P500 Outperforms the Russell 2000 Value, It's Price-to-Book Premium Hits 10-Yr Highs



Source: Bloomberg (Data from 9/30/2004 - 9/30/2014)

Among the worst hit stocks in the third quarter were those in the energy, oil service, and metals and mining sectors. In recent years, as value investors with an asset-based focus, we have found commodity-related cyclical stocks to be compelling investments often systematically undervalued by conventional investors. Such investors, burned by market volatility in 2008, now often avoid businesses with perceived volatile cash flow profiles, regularly snubbing commodity-exposed natural resource stocks regardless of price. Instead, these investors have lately been piling into stocks with smooth cash flows with little regard for valuation. As resource-related stocks plunged in the third quarter amid weakening commodity prices, a strengthening dollar, and increasing anxiety over a global economic slowdown, stable cash flow businesses moved higher, supported by falling interest rates. As a result, the valuation disparity has grown larger.

The investments most negatively impacting the Fund in recent months have been in the energy sector. Brent crude oil tumbled 15.7 percent over the quarter and declined further in October as Saudi Arabia signaled an aggressive willingness to drop price in defense of its market share. The Saudi move came as U.S. shale production ramped to record highs amid emerging signs of economic strain in Europe, leading to a downward spiral of crude prices and one of the most dramatic reversals of investor sentiment we have seen in years. Many energy-related names have declined 30 percent or more in the span of just six to eight weeks.

Fortunately, the Fund sold $40 million of energy sector equities since the end of March at good prices before the recent rout. In fact, the Fund's biggest sale in the quarter was a $12 million sell-down of our position in **WPX Energy (WPX)** at an average sales price of $24.30. Today, WPX Energy shares trade at $18.16. The Fund also exited its $8 million position in land driller **Patterson-UTI Energy (PTEN)**, its second largest sale in the quarter, at an average price of $35.11. Patterson shares today trade at $22.51.

Despite the sales, Fund energy holdings remained significantly higher than the benchmark going into the decline, and we experienced deterioration in the quoted prices on several of our holdings such as **Hercules Offshore (HERO), McDermott (MDR), Cal Dive (DVR), Comstock (CRK), and Energy XXI (EXXI)**. Together, these declines negatively impacted Fund returns by approximately 5.5 percent during the quarter. While we chose to exit our entire stake in offshore jackup drilling contractor Hercules Offshore post quarter-end, we have retained our other holdings, anticipating a recovery over time.

We believe investor sentiment towards the energy sector has today become overly emotional and pessimistic, with popular financial blogs now heralding the "death of oil" and press articles often displaying a highly pessimistic bias as oil's fall is touted. The Saudi-led oil cartel, OPEC, is widely reported to be in chaotic disarray, and demand is said to be faltering. With oil prices dropping as though another 2008 financial crisis is potentially just around the corner, investment managers, wary of the risks of showing volatile performance, have been purging accounts of energy stocks. As a result, a wide variety of energy and oil service stocks today are now already priced at levels contemplating a high probability for even lower oil prices amid macroeconomic gloom.

Given the low valuations, we believe energy stocks are likely to outperform the broad market in the coming quarters. Certainly oil fundamentals do not appear to us to be as bleak as many now vocally predict. According to International Energy Agency (IEA) statistics, today 93 million barrels /day ("bbls/d") of crude oil are consumed globally. World oil demand has increased nearly 10.5 million bbls/d in the last 10 years and 8 million barrels/day since 2009. Those who believe that a recession is likely to lead to lasting damage in the oil markets should consider that the Great Recession in 2008 knocked just 1.7 million bbls/d off of global demand from 2007 through 2009. By 2010, demand was resiliently back, even exceeding 2007 levels. We believe oil demand over the last decade looks to have been influenced less by short-term economic conditions and more by increasing per capita energy consumption over the long-term as developing countries in Asia industrialize. Over the last decade, oil consumption in China and the rest of Asia have actually increased by 3.9 and 3.6 million bbls/d, respectively. We doubt these growth trends are likely to seriously reverse.

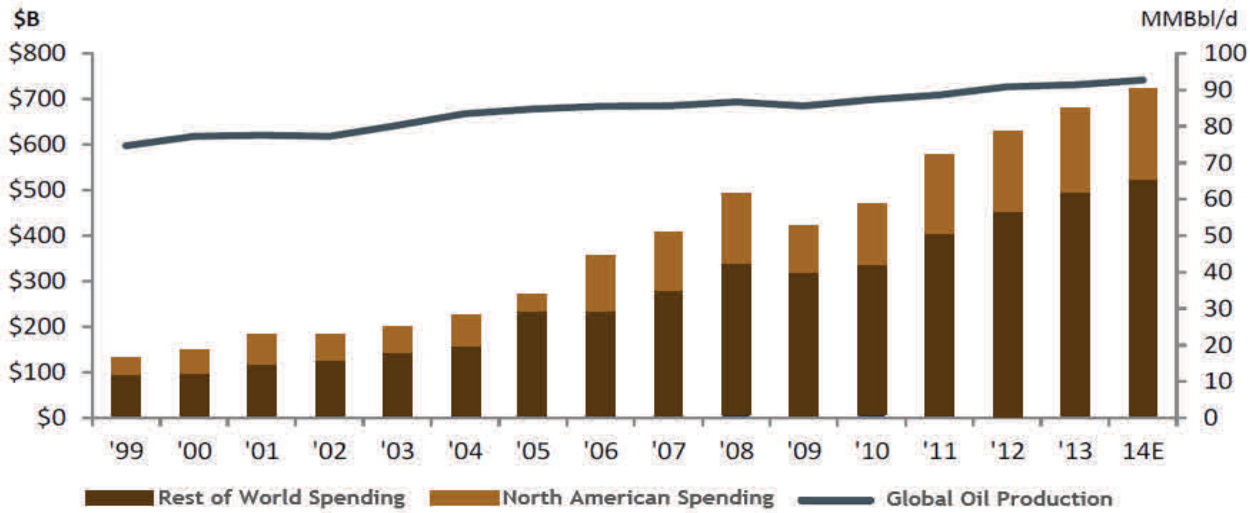
Over the last five years, oil demand growth has been met primarily by supply growth in the United States, which has added approximately 5 million bbls/d of production. The Saudis have also increased production by approximately 1.5 million bbls/d, with other OPEC members adding an additional 1.5 million bbls/d. While the market is anxious about the potential impact of Saudi Arabia's 2.7 million barrels of spare capacity, we note Saudi Arabia's excess capacity represents almost 90 percent of the world's effective spare capacity. When pondering the fact that a significant amount of production comes from volatile areas with armed conflict occurring in Iraq (producing 3.1 million bbls/d) and Libya (0.5 million bbls/d), and civil unrest increasing in Venezuela (2.5 million bbls/d), it is not difficult to envision a scenario where Saudi Arabia may be the only game in town should production from any of these other countries suddenly drop. Russia (producing 10.8 million bbls/d) and Iran (2.8 million bbls/d) are also production wildcards given the sanctions imposed against these countries. Furthermore, Saudi Arabia and other countries now require high oil prices to balance their government budgets. Any decline in oil revenue may require reductions in social spending, resulting in increased political unrest. Saudi Prince Alwaleed bin Talaal recently penned an open letter in the Saudi press warning of risks to Saudi Arabia's recent energy posture.

Even absent supply shocks, the market may come into balance more rapidly than is conventionally anticipated today. Demand is expected to grow by 1.2 million bbls/d in 2015, a number that is likely to increase given the rapid fall-off in oil price. Even without an increase, Saudi Arabia's excess capacity represents just over two years of global demand growth. Furthermore, a large portion of U.S. production growth in recent years has come out of the oil shale basins, the four largest of which (Bakken, Eagle Ford, Permian, and Niobrara) are responsible for approximately 4.8 million bbls/day of oil production. First year production decline rates for new wells in these four basins are estimated to be in excess of 50 percent, with four-year decline rates reportedly in excess of 80 percent. ISI Group has calculated that production declines are such that 80 percent of the new wells drilled in these basins are required just to replace current production declines. Given these rapid production decline rates, any substantial fall-off in drilling is likely to throw recent U.S. oil production growth figures into reverse. When we also consider that incremental barrels in the U.S. are becoming more expensive to find and produce as U.S. exploration & production (E&P) companies finish exploiting the "sweet spots" in major oil plays and are forced to drill out more marginal locations, we conclude that oil service demand intensity is likely to increase. Worldwide, the picture is similar. As can be seen in **Figure 2**, global E&P spending has increased by four times to nearly $700 billion since 1999, while global production has increased by just 20 percent. Given this long-term trend towards increasing capital intensity in energy development, the idea that Saudi Arabia's excess production capacity of 2.7 million bbls/d will keep a lasting lid on oil prices appears to us to be wishful thinking. Should OPEC manage to get its act together, any move by the consortium to constrain supply is only likely to speed up an oil price recovery.

Given the overwhelmingly negative investor sentiment, many energy and oil service names have currently been hitting our watchlist. With so many of these companies now priced for a downturn, we have been recently picking through the names looking for good investments in the energy space.

Near quarter-end, we made the decision to take a significant stake in **Paragon Offshore (PGN)**. The Fund's sizeable Paragon purchase was its largest of the quarter. Paragon is an offshore drilling company maintaining a fleet of 42 offshore drilling rigs comprised of 34 standard jackups, five drillships, and three semisubmersibles. Following the company's spin-out from Noble Corporation (NE) in late July, the stock price was cut in half as plunging crude

Figure 2: Global E&P Spending VS Global Oil Production



Source: ISI Energy Research 10/14/2014; MMBbl/d - million barrels per day

oil prices aggravated investor concerns that deliveries from the industry's large jackup order book would pressure dayrates and utilization rates of the company's older, "standard" rigs. While we realize that the market may certainly soften materially, we believe that the selling has likely been overdone. Today, with an equity market value of just $450 million, Paragon trades at an unusually low 35 percent of tangible book value and an extraordinarily low 2.5 times next year's conservatively estimated $200 million of free cash flow. Furthermore, $2.3 billion of well-priced, contracted backlog insulates the company from the full impact of an immediate downturn in the jackup market. Likewise, Paragon's recently issued $1.7 billion in debt carries a low interest rate of under 7.25 percent, flexible covenants, and no maturities until 2021, assuring good financial flexibility in any downturn. Liquidity remains strong, with an undrawn $800 million revolving credit facility available to Paragon at a low cost of Libor plus two percent, providing Paragon with sufficient liquidity to ensure that it could weather a temporary downturn in business conditions. The company recently initiated a $0.125 per quarter dividend for a common equity yield just shy of 10 percent. As investors have soured on energy investments, the company has also been busily repurchasing its recently issued debt, so far retiring $60 million of bonds at roughly 86 percent of par. At quarter end, the Paragon position represented 4.7 percent of Fund assets.

At quarter-end, energy-related stocks overall comprised 21 percent of Fund assets versus just 6.3 percent of the Russell 2000 Value Index. Given the low valuations in the space, we expect Fund allocations to energy-related securities to remain well above benchmark in the coming quarters.

The Fund also experienced a decline in its materials sector holdings, which negatively impacted quarterly Fund returns by approximately 4.6 percent as metals and mining stocks dropped. During the quarter, gold traded down 9.0 percent, while silver plunged 19.3 percent as Europe appeared to teeter on the brink of recession, the dollar strengthened and U.S. inflation fears receded. Investor sentiment in the metals and mining space has also become significantly more negative, with much conventional commentary being overwhelmingly bearish. In fact, the Ned Davis Gold Sentiment Index actually dropped to zero, a level reportedly almost reached only once in the last eight years. Impacting Fund returns in the quarter were material losses in **Coeur Mining (CDE), Avino Silver & Gold (ASM), Dalradian Resources (DNA.TO) and Aurico Gold (AUQ)**. On aggregate, these four securities negatively impacted fund shares by 2.9 percent.

Coeur Mining most negatively impacted Fund performance in the quarter, lowering Fund returns by 1.4 percent, as prospects for lower silver prices cut the Coeur stock price by 46 percent. Coeur Mining is a $500 million market-cap, top ten silver producer with gold and silver mines in Mexico, Bolivia, Alaska, and Nevada. With $330 million in cash and equivalents, $480 million in low-cost, long-term debt, and no maturities until 2021, Coeur is well positioned to weather the current softness in silver prices. As silver prices fell over the last several quarters, Coeur stock declined significantly, yet Coeur may offer tremendous leverage to any upwards swing in silver pricing, with each $1 increase in silver driving approximately $32 million in incremental EBITDA. In 2011 when silver prices were higher, Coeur generated $531 million in EBITDA. While Coeur trades at just 30 percent of book value, it trades at a high multiple of this year's EBITDA which is expected to come in at approximately $75 million. At quarter-end, the Fund maintained a 1.9 percent position in Coeur Mining shares.

Given the environment, it is ironic that the Fund's biggest gainer for the quarter was **Lake Shore Gold (LSG)**, a Canadian based gold mining concern operating two high-grade mines in Ontario. We purchased Lake Shore in late 2013 just as the company was completing a costly mine expansion plan that had left it saddled with an uncomfortably high debt load. As gold production at Lake Shore Gold has since ramped higher and the company has begun to pay down debt, investor sentiment has improved despite deteriorating gold prices. At quarter-end, Lake Shore shares have climbed approximately 151 percent from our average purchase price. Despite the gains, shares trade at just 4.1 times this year's EBITDA. At September 30th, Lake Shore Gold was 1.4 percent of Fund assets.

At quarter-end, metals and mining stocks represented approximately 14.1 percent of Fund assets. Outside of Coeur Mining, which we view as an undervalued, long-dated call option on higher silver prices, substantially all of our mining assets appear to have the potential to generate competitive returns on equity in the current commodity price environment, and all are nicely leveraged to improving commodity pricing.

While our allocation to metals and mining stocks last quarter hurt Fund returns, we believe it is prudent to remain invested in this currently unappreciated sector of the deep value universe. In our opinion, the long-term fundamentals for price improvement in gold remain compelling. On the supply side, the metals and mining industry has been in retrenchment mode for some time now, with lower capital expenditures and limited exploration budgets. The geology is also proving to be increasingly difficult, with gold ore body grades trending lower in recent years as new high-grade discoveries prove elusive. With low-grade ore requiring significantly larger, more complex and expensive mills, the level of capital investment required to maintain steady gold production has moved progressively higher, resulting in a fairly inelastic supply curve.

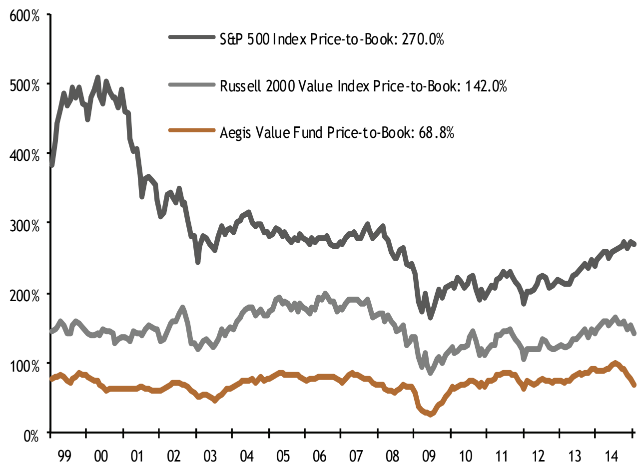
The global economic environment also appears to be setting the stage for a possible acceleration of gold demand. Despite conventional opinion to the contrary, the debt crisis may not be over. In a recent paper co-authored by Morgan Stanley economist Vincent Reinhart entitled, "Deleveraging? What Deleveraging?," the ratio of global total debt ex. financials to global GDP was shown to have continued increasing at an unabated pace since 2008, climbing by 38 percentage points to a new high of 212 percent. We believe ascending levels of global debt are increasingly likely to eventually be handled through monetary debasement, a process that should stimulate demand for gold. In fact, the dollar's strength in recent weeks could be interpreted as a reaction of foreign investors exiting currencies, such as the Yen and the Euro now being targeted for debasement at a rate faster than the dollar. As the dollar has moved higher in the last several weeks and markets have become significantly more volatile, Federal Reserve officials appear to be changing their tune with respect to the tapering of their own money printing. Gold prices rebounded strongly after recent Fed meeting minutes expressed discomfort with the higher value of the dollar. Furthermore, the last few days have seen St. Louis Federal Reserve President James Bullard suggest that a delay in the end of quantitative easing be considered given recent turmoil in the financial markets. While a reversal of policy may not be in the immediate cards, should the Federal Reserve ever change course and continue with quantitative easing, the pricing of gold and silver may significantly improve. Today, while conventional investors illogically continue to pile into low yielding fixed income securities denominated in a currency that the Federal Reserve is trying to debase, we will instead continue to favor investing in undervalued, unloved mining stocks.

Outside of the energy and metals & mining sectors, the Fund unfortunately also suffered from quotational declines during the quarter in an unusually high number of special situation deep value small cap stocks. Declines in **Alliance One International (AOI), Delta Apparel (DLA), Tecumseh Products (TECU), and Ruby Tuesday (RT)** together negatively impacted the Fund by a combined 3.2 percentage points during the third quarter. In each of these cases, we believe the stocks remain undervalued, the argument for investment remains strong, and the stock decline has been of a magnitude materially greater than warranted by corporate fundamentals. Resultantly, we have generally reacted to the declines by purchasing additional shares. In the case of global tobacco leaf processor Alliance One, which alone has been responsible for one percentage point of Fund decline, fundamental business conditions appear to be materially improving. We currently estimate the stock, which has dropped to the $2 range, could generate $0.40 per share of earnings over the coming year. We believe these stocks can turn quickly. In the case of restaurant operator Ruby Tuesday, a strong post quarter-end earnings report resulted in a 15 percent one-day rise, and the stock has subsequently regained the entire amount "lost" in the third quarter. The case of Ruby Tuesday is a clear example of how disconnected stocks can become from their fundamental moorings over the short run during periods of illiquidity. Given the fundamentals at all these companies as we understand them, we also anticipate full recoveries of our other holdings over time.

In the third quarter we have worked to exit fully valued positions amid price declines on many of our remaining holdings. As a result, the overall Fund valuation has come down substantially. At quarter-end, stocks in the Fund traded at a price-to-book ratio of 68.7 percent, down significantly from 90.8 percent on June 30th. This is a level beneath the Fund's 71.1 percent price-to-book average since inception. As can be seen in **Figure 3**, stocks in the S&P 500 have been continuing to climb in valuation as the Fund's valuation has dropped, resulting in an unusually large valuation disparity at quarter-end with stocks in the S&P 500, now at 270 percent of book, nearly four times the valuation of stocks in the Fund. As a result, stocks in the S&P 500 must deliver almost four times the return on equity as stocks in our Fund for investors to realize an equivalent return, a fairly high bar that we do not believe the S&P 500 will clear. In fact, should dollar strength continue, we would anticipate greater headwinds within the S&P 500 universe, which generates about a third of its revenues from foreign sales. As **Figure 4** shows, the number of Fund watchlist candidates trading under tangible book value closed the quarter at 268, climbing by 73 over the quarter as small caps declined. We are continuing to work diligently through the larger opportunity set to optimize our portfolio composition. As we have purchased stocks during this decline, cash has dropped to 9.8 percent of net assets at quarter-end and has further declined to roughly seven percent as we continue to invest during this period of market weakness.

Figure 3:

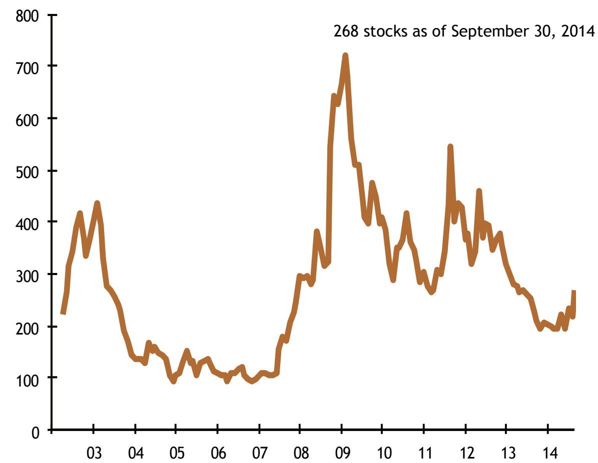
Aegis Value Fund and S&P 500 Index Historical Price-to-Book Ratio



Source: Aegis Financial Corp and Bloomberg (Data from 9/30/1998 to 9/30/2014

Figure 4:

Number of Stocks Selling Below Tangible Book Value
(Market Cap. Greater Than $70 Mil)



Source: U.S. public equity market statistics from Stock Investor Pro (Data from 4/30/2002 to 9/30/2014)

While the last few months have been frustrating for hard asset-focused, deep value investors, we believe that our stocks represent good value and our holdings are likely to recover with patience. Given the extraordinarily negative news flow and deteriorating investor sentiment within energy and metals & mining securities in recent weeks, it takes discipline to remain invested. We have tried to keep in mind the old axiom that safety is not an inherent quality of its asset, but a function of its price, and that good investments are often paradoxically those made when others regard the investment case as hopeless. Valuation is the key. Overall, we own a portfolio of securities that we believe are among the most deeply undervalued in the market today. Employees own approximately $20 million of Fund shares, and we have been purchasing additional shares in the last few months. We continue to carefully monitor fundamental conditions for emerging risks. Should you have any questions, please feel free to call the shareholder representatives at (800) 528-3780. You are also welcome to call me personally at (571) 250-0051.

Sincerely,

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 prospectus 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. Value stocks may fall out of favor with investors and underperform growth stocks during given periods. Investments in Real Estate Investment Trusts (REITs) involve additional risks such as declines in the value of real estate and increased susceptibility to adverse economic and regulatory developments.

An investment cannot be made directly in an index.

The letter refers to eighteen issues held by the Fund: WPX Energy, Hercules Offshore, McDermott, Cal Dive, Comstock, Energy XXI, Paragon Offshore, Coeur Mining, Avino Silver & Gold, Dalradian Resources, Aurico Gold, Lake Shore Gold, Alliance One International, Delta Apparel, Tecumseh Products, Ruby Tuesday, Patterson Drilling, and Noble Corporation. As of September 30, 2014, these stocks represent 3.0%, 1.5%, 2.9%, 1.8%, 1.9%, 0.5%, 4.7%, 1.9%, 1.1%, 1.3%, 1.7%, 1.4%, 4.9%, 2.5%, 4.4%, 2.6%, 0.0%, and 0.0% of total Fund assets respectively. Fund holdings are subject to change and should not be considered a recommendation to buy or sell a security. The letter also refers to Seahawk Drilling, Maersk Oil, MacArthur Coal Ltd., and Exxon Mobil, which are not and have not been a holding of the Fund. Current and future portfolio holdings are subject to risk.

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. **Price to Sales:** A ratio to compare a stock's market value to its earnings per share. **EBITDA:** Earnings before interest, taxes, depreciation, and amortization expense. **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. **Russell 2000 Value Index:** measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values. **Tangible Book Value:** The net asset value of a company, calculated by total assets minus intangible assets (patents, goodwill) and liabilities. **The Russell 2000 Index**: measures the performance of the small-cap segment of the U.S. equity universe and is constructed to provide a comprehensive and unbiased small-cap barometer. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. **Initial Public Offering:** The first sale of stock by a private company to the public. **Barclays U.S. Treasury 20 Years + Index**: Unmanaged index of municipal bonds with remaining maturities of 17 to 22 years. **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. **Cash Flow:** A revenue or expense stream that changes a cash account over a given period.

Equities, bonds, and other asset classes have different risk profiles, which should be considered when investing. All investments contain risk and may lose value.

Diversification does not assure a profit or protect against loss in a declining market.

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