

AEGIS Value Fund (AVALX)

December 31, 2019
Managed By Aegis Financial Corporation



Introduction To Aegis

Aegis Financial Corporation is a deep-value focused investment firm that strives to deliver long-term capital appreciation by investing in a concentrated, well-researched portfolio of out-of-favor, small-cap stocks trading at a significant discount to intrinsic value.

Aegis Value Fund
Assets: \$115 million
Class I – AVALX
Inception: May 1998

Separate Account
Assets: \$17 million

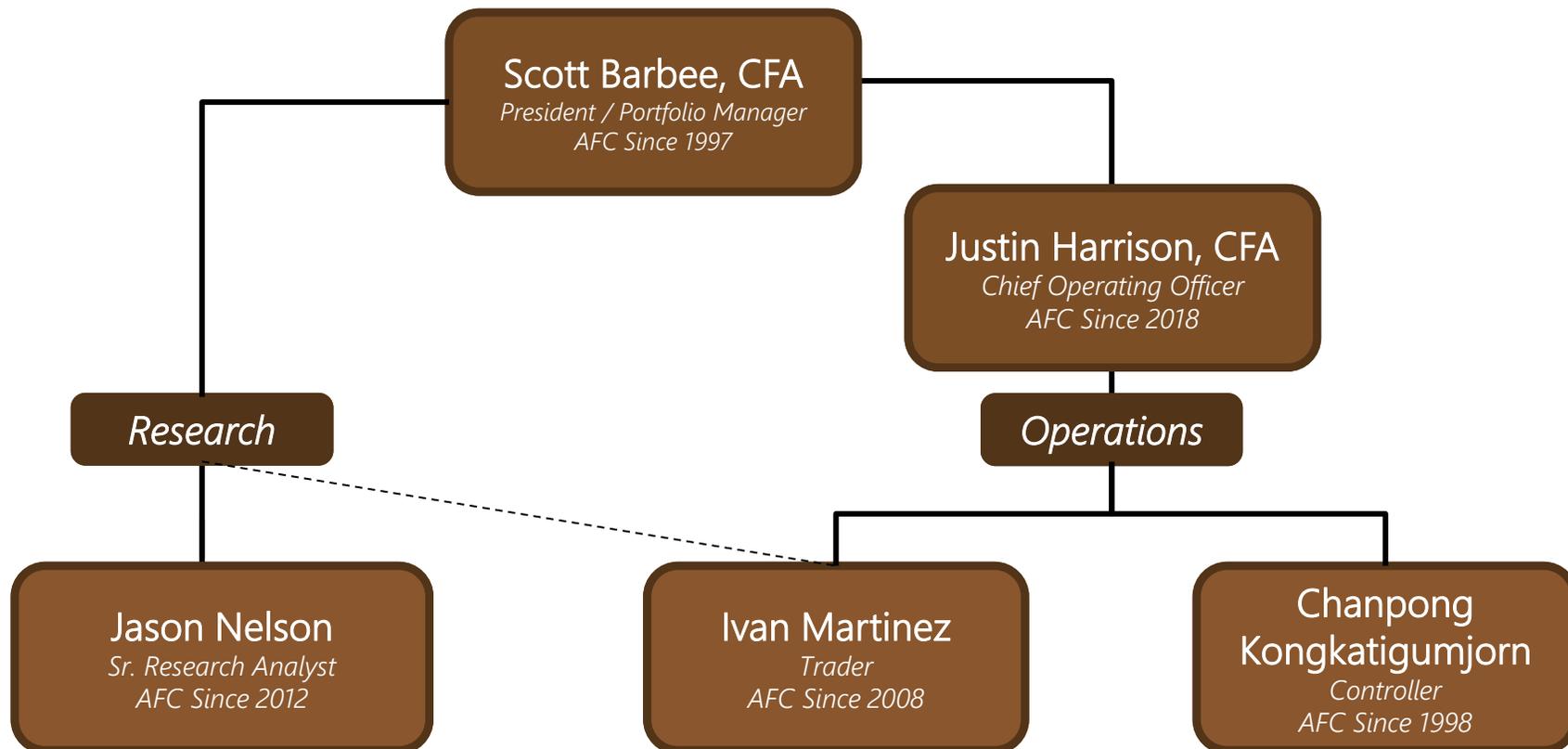
Experience, Independence and Discipline

- Since its founding in 1998, the Aegis Value Fund has adhered to a small-cap value philosophy, focusing on securities trading in the lowest quintile of the stock market, based on price-to-book value.
- Portfolio Manager Scott Barbee has built a continuous 21-year track record of small-cap value investing, successfully navigating the Fund through a meaningful variety of market conditions.
- Aegis Financial Corporation (advisor to the Fund) is internally owned and prioritizes investment outperformance over simply growing assets under management.
- The investment team is strongly committed to the strategy, with \$29 million co-invested in the Fund.

Aegis Financial Corporation (AFC) Organizational Chart

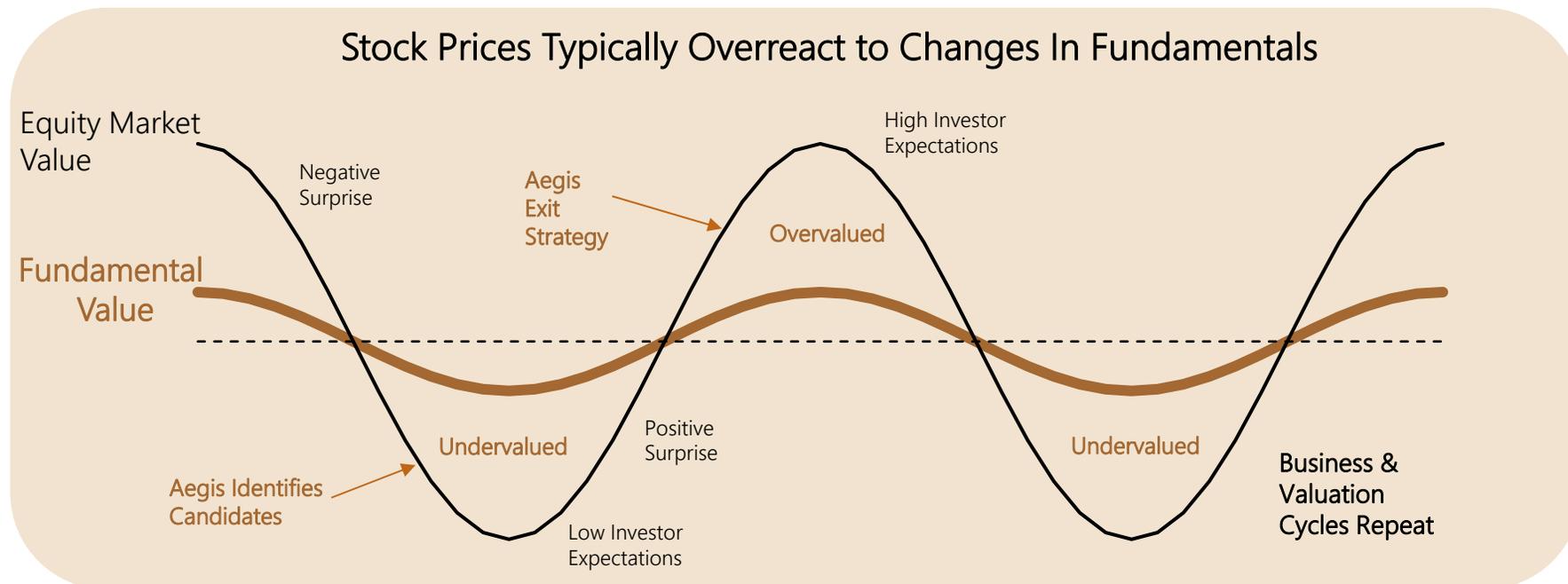
Experienced team with strong infrastructure

- Aegis investment staff has an average of 17 years of securities research and trading experience
- Current Aegis investment team has now been working together for many years
- Trading/clearing function is robust, with a strong trade management focus
- Experienced back office support allows investment staff to focus on investments



* See appendix for bios

Aegis Investment Philosophy – Taking Advantage of Volatility & Mean Reversion



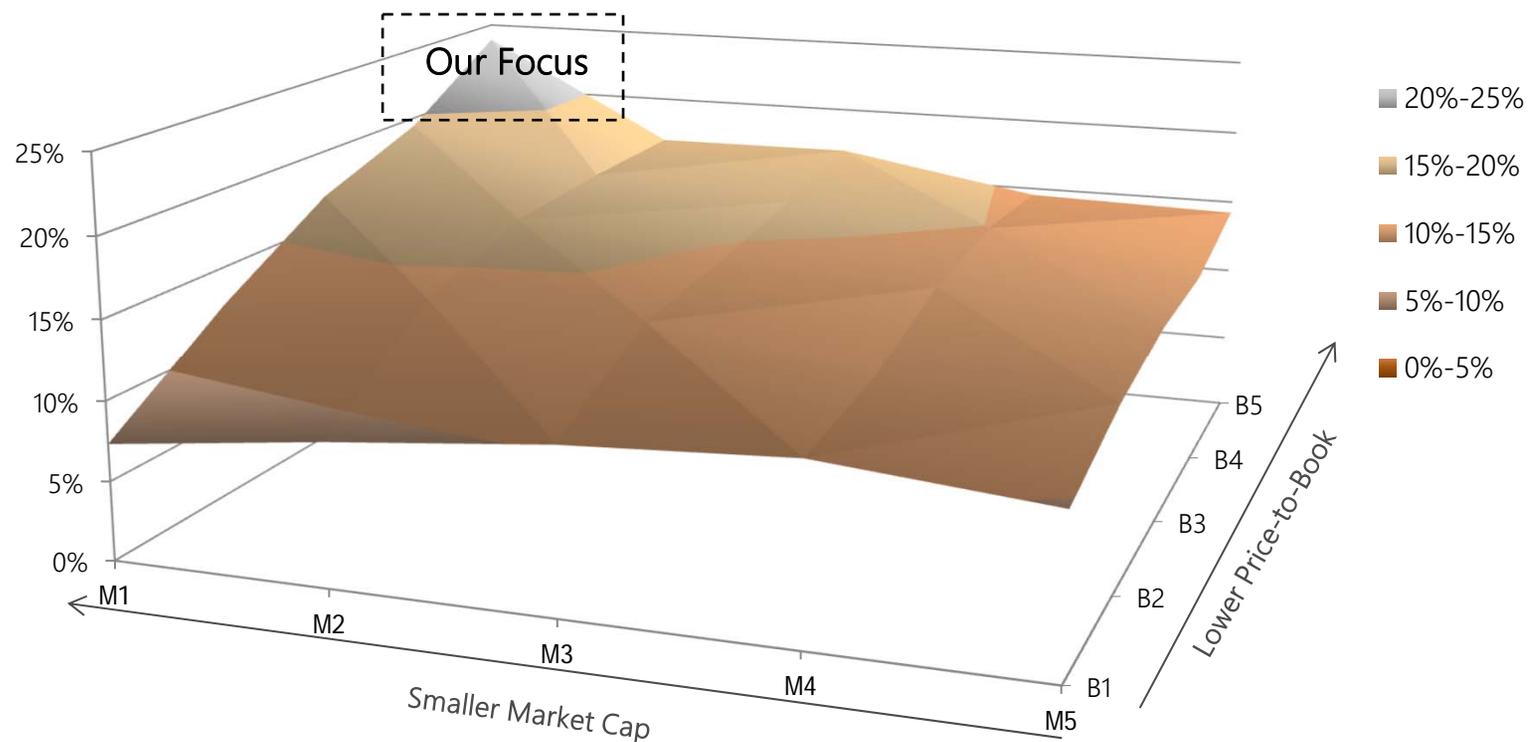
- Equity markets are inherently emotional and often overreact to events. Recency bias can create dislocation opportunities for contrarian, long-term investors to exploit.
- Small-cap stocks can experience larger dislocations as lack of analyst attention, less transparency, and lower liquidity all magnify impacts from investor behavioral biases.
- *Aegis believes excess returns can be generated by:*
 - purchasing a well-researched portfolio of fundamentally-sound, small-cap stocks during periods of stress or neglect, often when liquidity is low and investor sentiment is poor;
 - holding these investments patiently through periods of short-term price volatility while fundamental conditions normalize; and
 - selling after fundamental trends reverse, as recovery becomes visible and investor sentiment improves.

Why Aegis Focuses on Small-Cap, Low Price-to-Book

- Multiple studies have demonstrated that over long historic time spans, stocks with low price relative to accounting book value have materially outperformed the broad market.

Historic Cross Sectional Market Returns By Size & Price-to-Book Annual Average Returns 1932-2018

Data By Professor Kenneth French



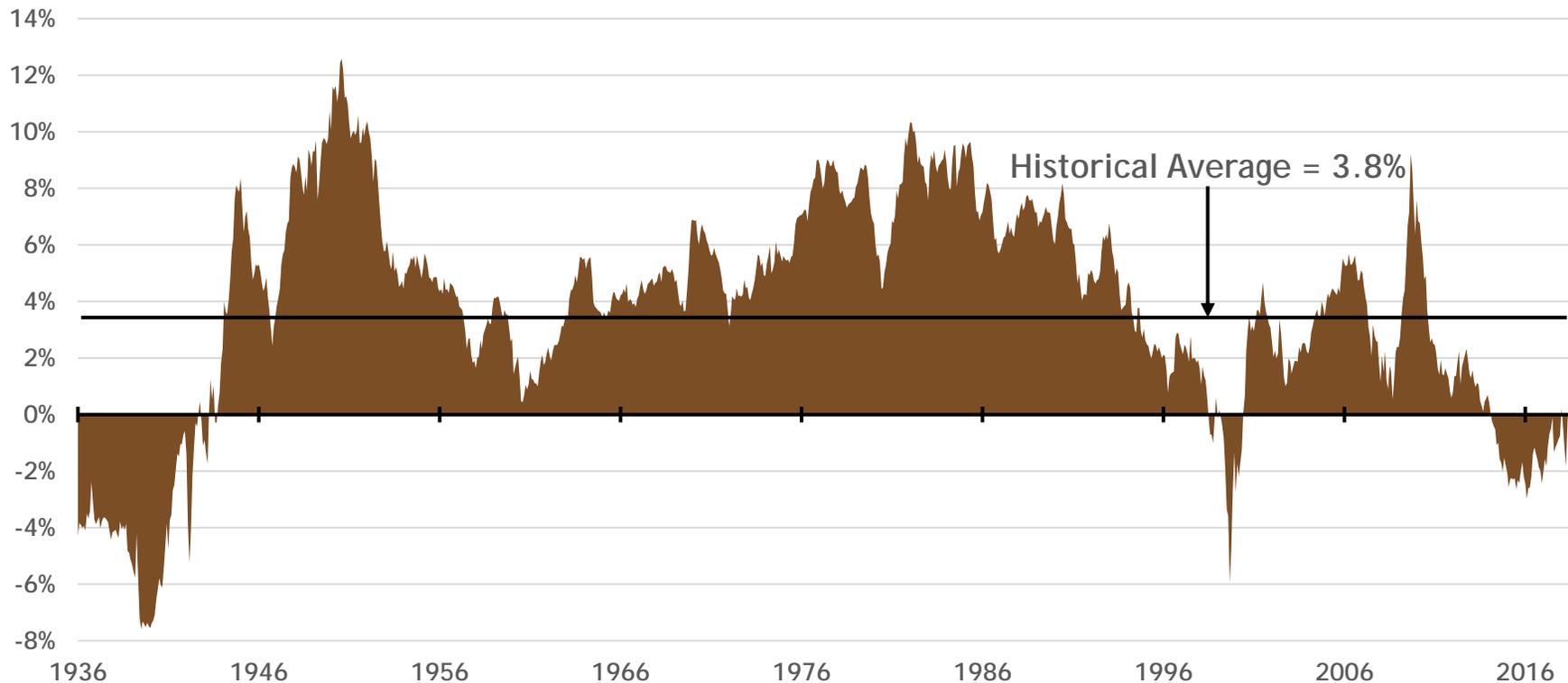
Past performance does not guarantee future results.

Return data is compiled by Dartmouth Professor Kenneth French using stock performance and attribution statistics provided by the Chicago Booth School Center for Research In Security Prices (CRISP) for all stocks on the NYSE, AMEX and NASDAQ markets for which data is available. The U.S. Research Returns Data series graphed is the "25 Portfolios Formed on Size and Book to Market (5X5)" series, whereby all stocks are sorted annually at the end of each June into quintiles by market capitalization and also separately into quintiles by price-to-book value. The intersection of these two quintile breakdowns results in the 25 portfolios. Each year's annual performance for each portfolio is determined by calculating the return of an equal investment in all stocks sorted to a particular portfolio during a particular annual period. Returns shown in the graph are the annualized cumulative returns derived from each portfolio in the series. The annual data series, available at (http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html), begins in 1927, but because of incomplete portfolio data prior to 1931, we show this series from 1932 onward.

Value vs Growth - Historical Look & Potentially Compelling Investment Case

- Value has outperformed growth on a rolling 10-year annualized basis during the vast majority of the past 82 years.
- Growth has had brief stretches of outperformance including during the Great Depression, the Tech Bubble and recently during the post-Global Financial Crisis period.
- A reversion of value's premium over growth to its historic average of 3.8 percent per annum over the next decade would imply outperformance over growth by a cumulative 42 percent.

Fama-French Value Factor Rolling 10-Year Annualized
Relative Performance Thru 12/31/2018

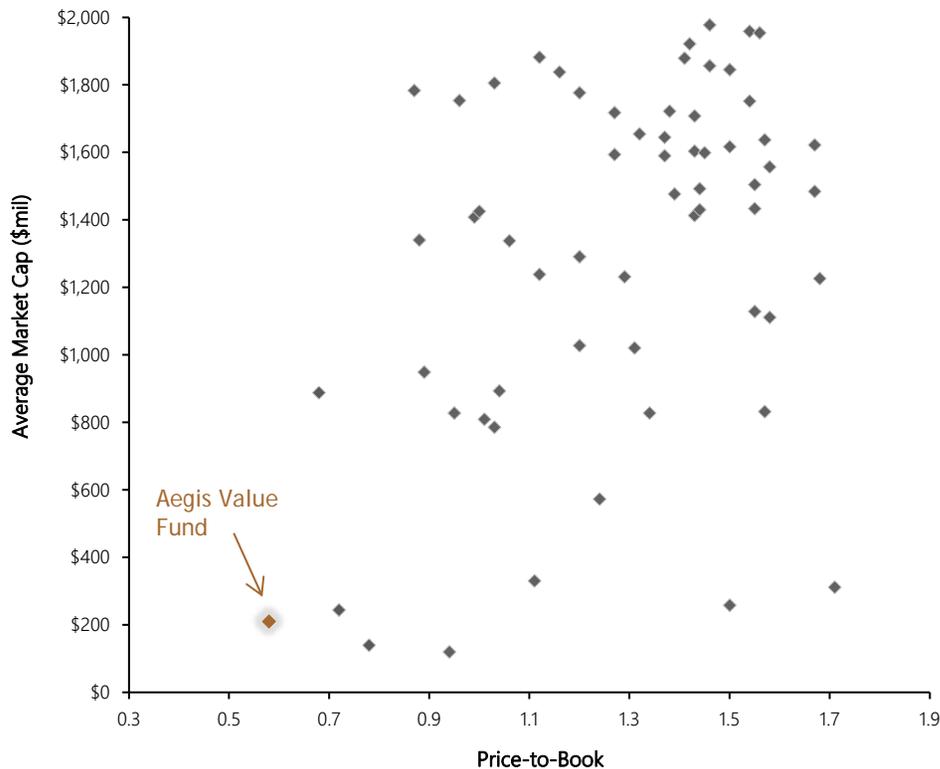


Source: Kenneth French's Data Library, 7/31/1926-12/31/2018 http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html#BookEquity
Based on monthly returns of the US Fama/French HML (High Minus Low) Factor. HML is the return on the "high" portfolio minus the return on the "low" portfolio where book-to-market is used as the value metric.

Aegis is a Highly Differentiated Fund in the Small Value Space

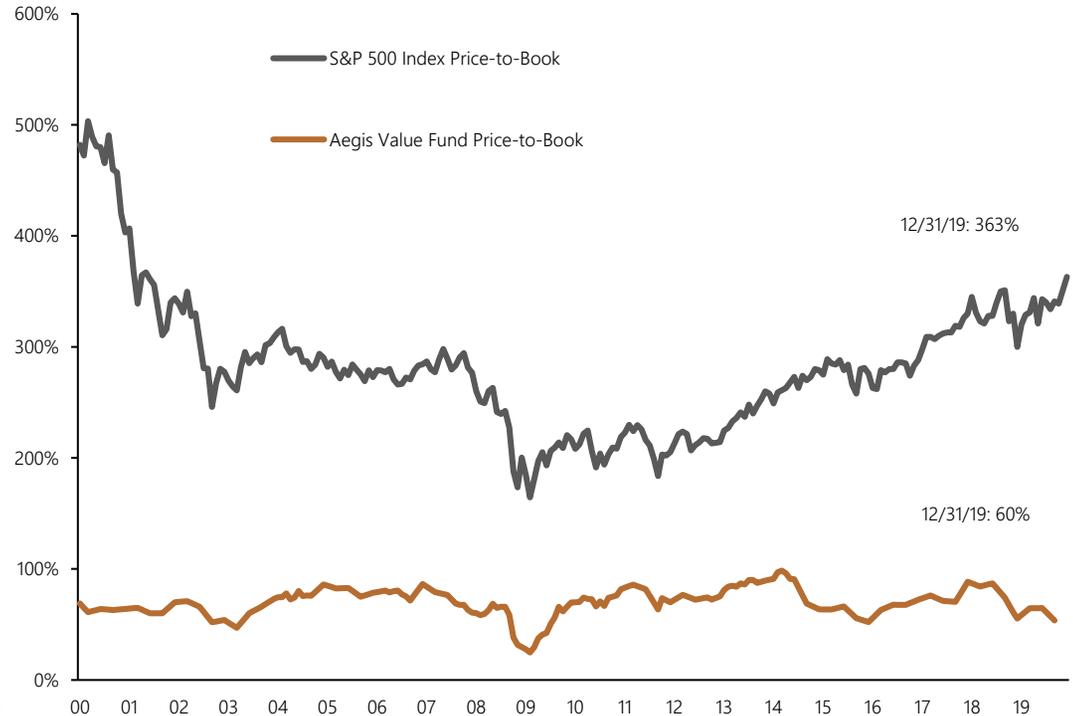
- Aegis portfolio valuation metrics show material differentiation versus both competitors and the broad market.
- Aegis offers the opportunity to obtain market exposure at a much lower price-to-book valuation multiple than the S&P 500 Index. We believe this helps mitigate risk of permanent capital loss.

Average Market Cap and Price-to-Book Ratios of Domestic Small Cap Value Funds*



*Morningstar Fund Screen for the domestic, small cap value fund category as of 12/31/2019. Excludes funds with greater than \$2 Billion average market cap. Only one share class used per fund.
Source: Morningstar

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



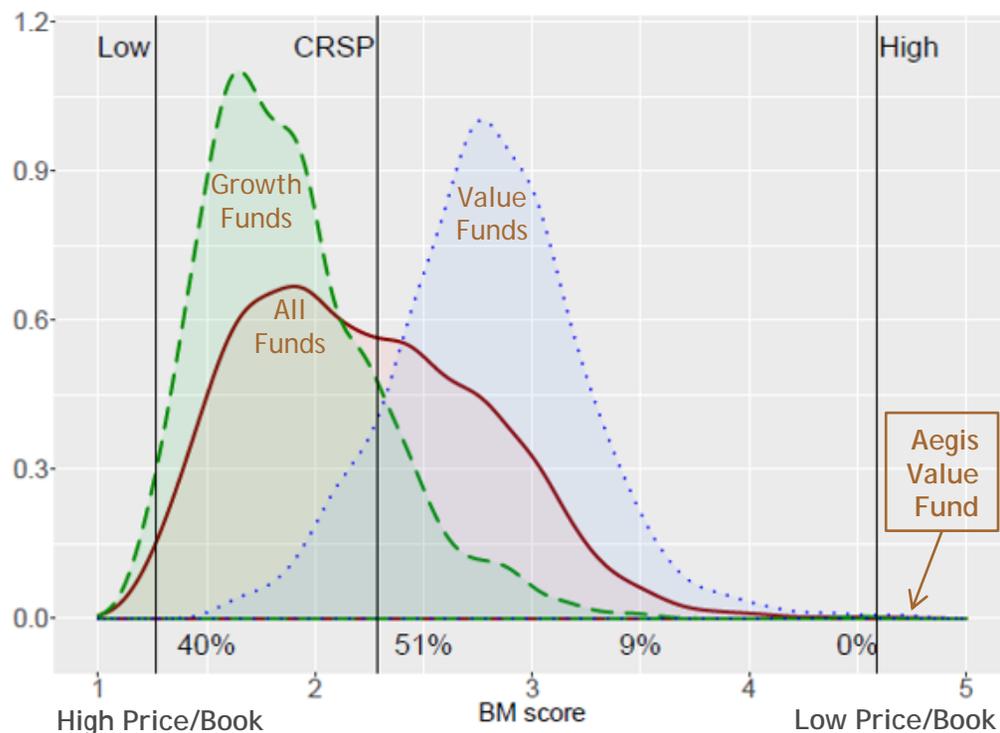
Source: Aegis Financial Corp. and Bloomberg



2018 NBER Research: Virtually No True Low Price-to-Book Mutual Funds

- Independent, academic study¹ of more than 2,600 funds over a 36 year period found a noticeable lack of mutual funds that provided significant exposure to low price-to-book securities
- Study concluded average value fund was closer to growth/value blend – and actually skewed closer to growth
- *“To put this differently, an investor can easily find “growth” mutual funds that are [highest quintile based on price/book], but it is **virtually impossible** to use mutual funds to mimic the “value” portfolio [lowest quintile based on price/book].”² (emphasis added)*

Figure 1: Distribution of Book-to-Market Ratios of Mutual Funds



Source: Lettau, Lundvigson, & Manoel, Page 3.

- Study of 2,638 mutual funds (574 Value, 1,130 Growth, 934 Other) from 1Q1980 to 2Q2016.
- Each fund’s average BM Score over the study period was determined by the authors using CRSP/Thomson-Reuters mutual fund data.
- BM Score is calculated from the book-to-market ratio of a fund’s portfolio and is based on the 1992 work of French & Fama, “The Cross Section of Expected Stock Returns”³
- For each quarter-end of the study period, all stocks were segmented into quintiles based on price/book, with each portfolio holding being given a value 1-5 based on the quintile into which it fell. The average of all portfolio holding was the BM score for the mutual fund.
- Book-to-market is the inverse of price-to-book. The **higher the BM score**, the **lower the price/book** average of the mutual fund analyzed.

1. National Bureau of Economic Research, Working Paper 25381, “Characteristics of Mutual Fund Portfolios: Where are the Value Funds?” Lettau, Ludvigson, & Manoel. December 2018. (<https://www.nber.org/papers/w25381>)
2. Lettau et al, page 3. Authors referring to the “L” and “H” portfolio, respectively, as described by Fama-French, 1992.
3. Fama, Eugene and Kenneth R. French, 1992, The Cross-Section of Expected Stock Returns, The Journal of Finance 47 427–465.

Aegis Value Fund Track Record – Strong Outperformance Since Inception

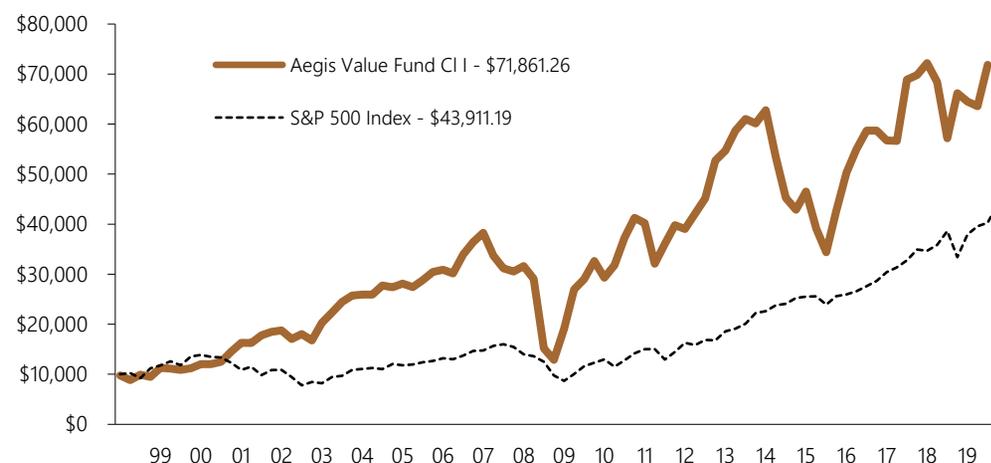
- Over 21 years since inception, the Aegis Value Fund has outperformed the S&P 500 Index by 247 basis points per annum.
- The Fund experienced two periods of significant decline – during the financial crisis in 2008-2009 and during the energy and commodities recession in 2014-2015. In both cases, we believe declines were primarily driven by illiquidity, margin calls, liquidations and other forced selling as opposed to long-term fundamental deterioration. The Fund experienced strong performance rebounds in 2009 and 2016 as liquidity returned to the small-cap, deep-value markets and valuations recovered.

Historic Aegis Performance Vs. Market Benchmarks

Average Annual Total Returns as of 12/31/2019	AVALX (Class I)	S&P SmallCap 600 Pure Value Index*	S&P 500 Index
Since Inception (5/15/1998)	9.55%	N/A	7.08%
Ten Year	9.50%	9.95%	13.56%
Five Year	9.70%	3.43%	11.70%
Three Year	6.98%	0.19%	15.27%
One Year	25.66%	23.05%	31.49%
Calendar Year-to-Date	25.66%	23.05%	31.49%

* The benchmark for the Aegis Value Fund

Results of a \$10,000 Investment 05/15/1998 through 12/31/2019



The S&P SmallCap 600 Pure Value Index performance prior to December 16, 2005 cannot be shown since it relies on back-tested data. 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.

The Fund Class I has an annualized gross expense ratio of 1.52% and net expense ratio of 1.50% after fee waiver, and/or expense reimbursement and management fee recoupment. The Advisor has contractually agreed to limit certain fees and/or reimburse certain of the Fund's expenses through April 30, 2020. The net expense is applicable to investors.

This graph to the right illustrates the performance of a hypothetical \$10,000 investment made in the Fund Class I shares on 05/15/1998 and compares investment in the Fund Class I shares with a similar investment in the S&P 500 Index. Returns reflect the reinvestment of income, dividends, and capital gains, if any, as well as fees and expenses. This chart does not imply any future performance.



Aegis Competitive Advantage – Our Sources of “Alpha”

■ Independent / Contrarian Mindset

- Invest in companies that are fundamentally undervalued and often unpopular.
- Work to avoid recency bias in our behavior, *seeking to be aggressive amid market panics and cautious when sentiment is overly bullish.*

■ Focus / Experience

- The investment team has an average of 17 years of small-cap value investing experience and is well versed in a large number of companies within this segment.
- We believe our process of diligently and systematically working to obtain an evidence-based, detailed technical understanding of company fundamentals can reduce investment risk.

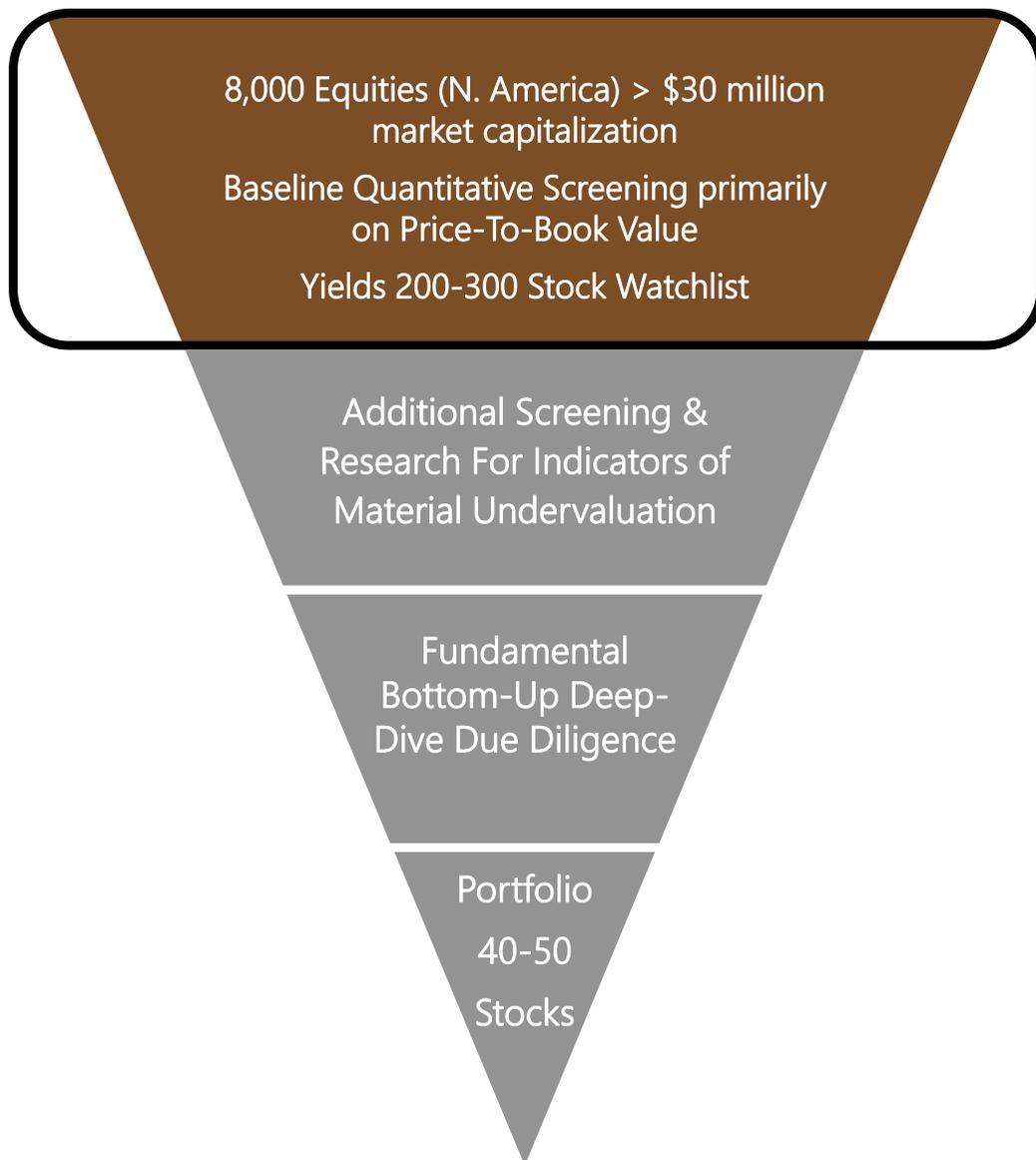
■ Unconventional

- *Do not* rely on historic price volatility as an effective measure of investment risk. View high valuation multiples as a better measure of true risk – i.e. permanent capital loss.
- Not afraid to hold cash when the investment opportunity set offers a poor risk/reward proposition.
- Will concentrate capital in a particular sector and in a small number of holdings when we have conviction.
- Do not manage with the goal of tracking the short-term performance of any benchmark or index.

■ Patient / Long-Term Oriented

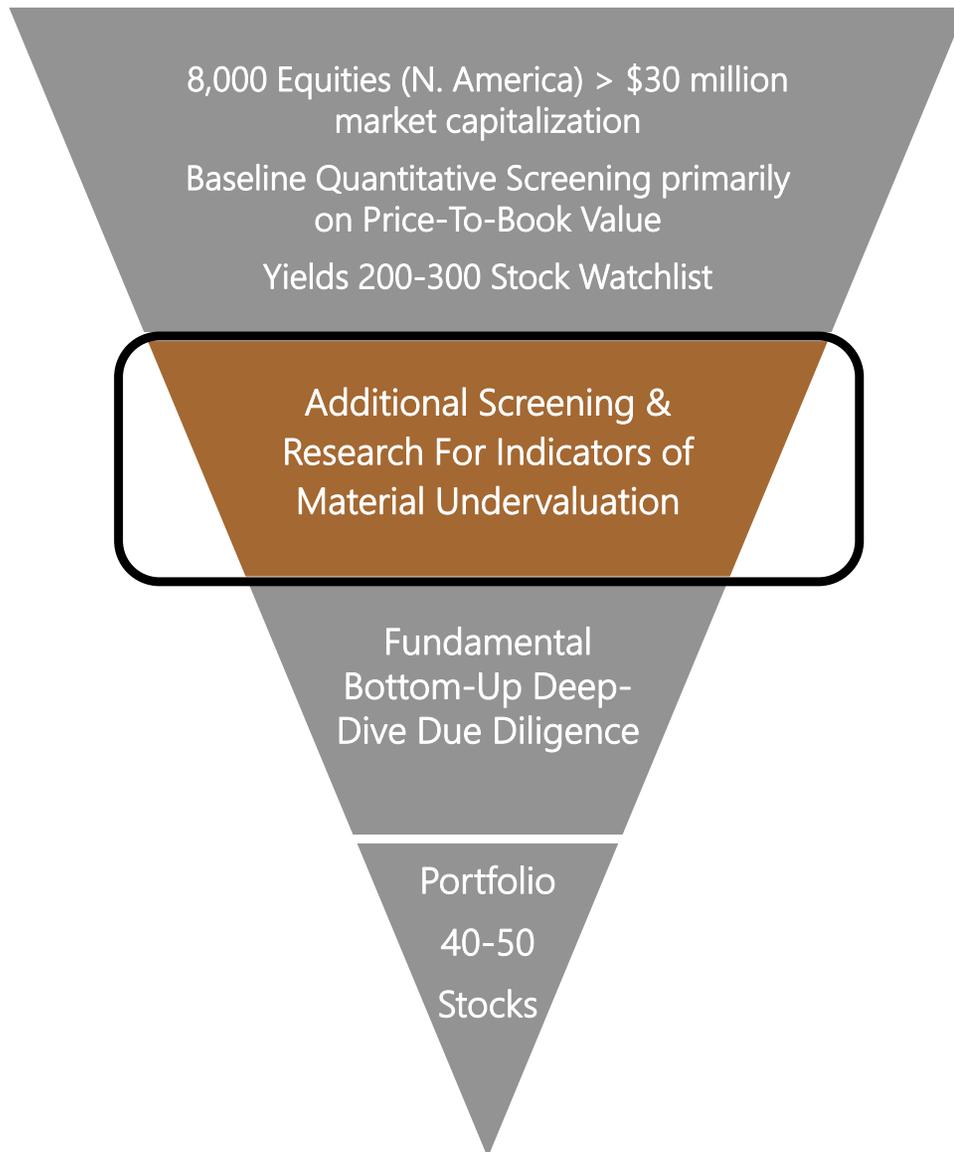
- Twenty years in the business has taught us the patience and fortitude necessary to ride out temporary periods of volatility and price compression.

Aegis Investment Process – Finding the Undervalued Securities



- The Aegis investment process begins with a quantitative overlay to identify potential investment candidates.
- Screens are run on U.S. and Canadian listed stocks.
- Fundamental, value characteristics sought are low price-to-book and low EBITDA/cash flow multiples.
- Screens also illuminate financial leverage. Stocks appearing cheap on certain fundamental valuation measures are evaluated in the context of leverage-driven capital structure risk.

Methods of Research & Information Sources



■ Review:

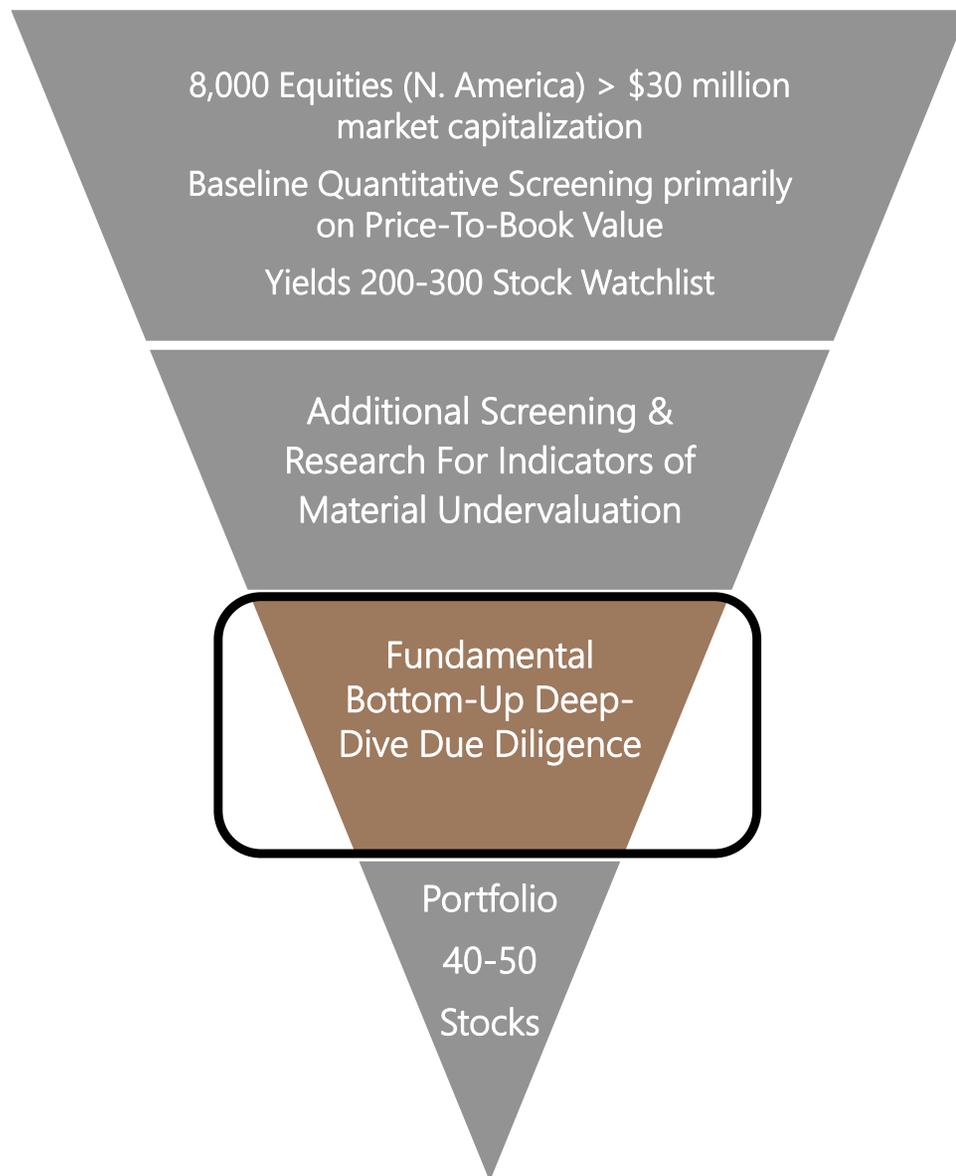
- Company financials
- Corporate presentations
- Regulatory filings
- Historic conference call transcripts
- Industry publications/periodicals
- Sell-side research

■ Attend investor/industry conferences.

■ Converse with other buy-side investors.

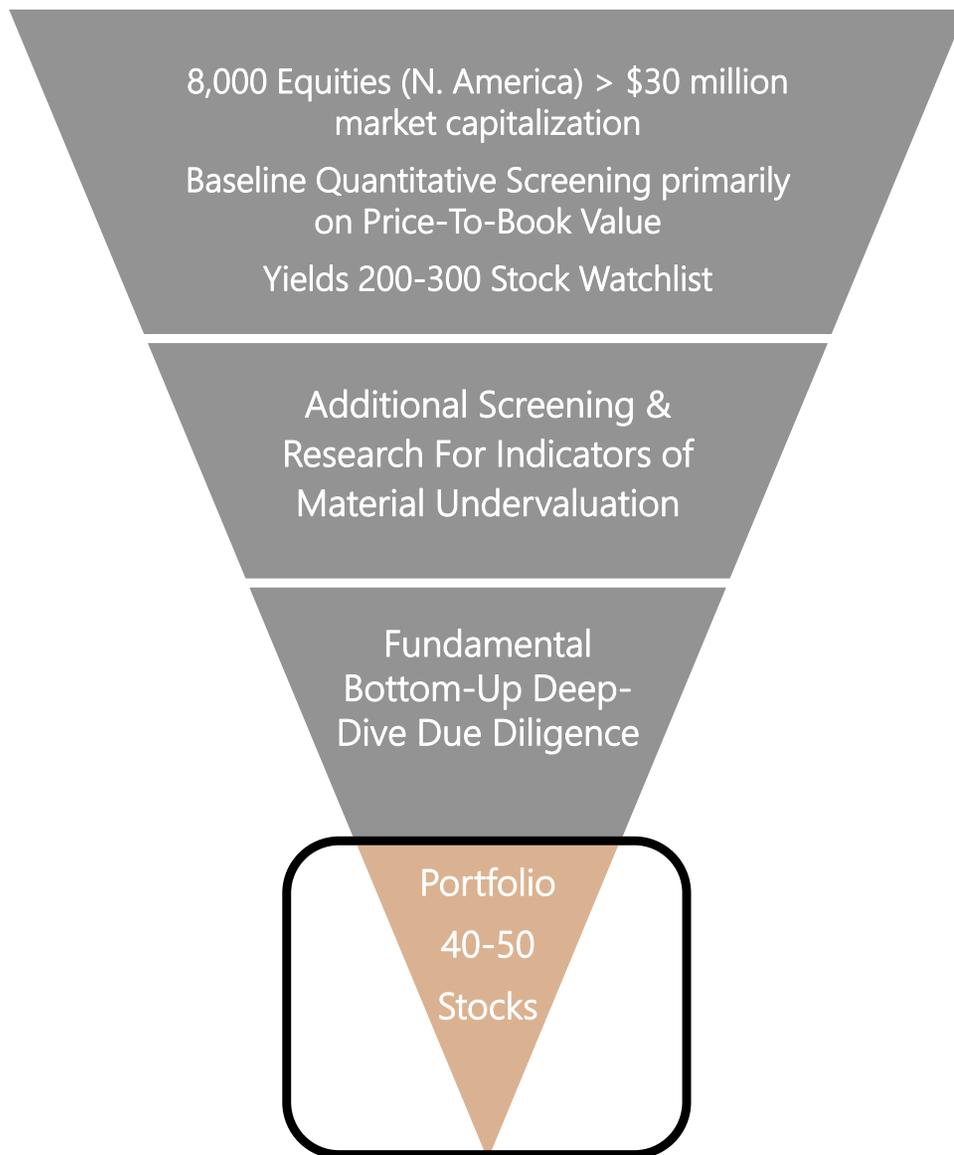
■ Conduct company visits/conference calls.

Developing the Investment Case



- Evaluate cyclical/secular trends, competitive industry dynamics, sources of financial stress or competitive advantage.
- Recast balance sheet with book-to-market asset and liability adjustments.
- Recast income statement to remove one-time impacts and determine normalized cash flow.
- Evaluate discreet tangible factors likely to impact cash flows within the next 2-3 years and estimate future normalized cash flow.
- Assess management ethics, competency and capital investment discipline.
- Estimate company's intrinsic value through evaluation of both asset-based and cash flow-based factors.
- Invest when sufficiently discounted purchase of future normalized cash flows or assets is possible.

Portfolio Construction, Monitoring & Management



- Concentrate on best ideas while remaining cognizant of correlated macro risks.
- Top 10 holdings represent 40-50% of assets.
- No new investment into any individual holding after 5%.
- No new investment into any industry group after 25%.
- Evaluate quarterly results, new material events and developing trends.
- Regular interaction with management
- Monitor for deterioration in key assumptions underlying investment thesis.
- Reevaluate “winners” approaching intrinsic value estimate.
- Engage in dispassionate, fact-based debate throughout investment process.

Key Takeaways

- **Differentiated:** The Fund is one of just a few “true” small-cap value mutual fund offerings with a disciplined focus on exploiting opportunities in the low price-to-book segment of the equity market.
- **Experienced Management:** The Fund has been continuously managed by Scott Barbee since inception in 1998.
- **Strong Track Record:** The Fund has outperformed the S&P 500 Index by 247 basis points per annum for over 21 years – since inception.
- **Commitment:** Employees maintain approximately \$29 million of co-investment in the Fund.
- **Active Management:** The Fund will make concentrated allocations to individual investments when it has conviction. Active share of greater than 97 percent.
- **Proper Risk Focus:** Focus on mitigating risk of permanent capital loss through strong fundamental due-diligence. High valuation multiples are used as a primary risk proxy rather than historic price volatility.

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted.

Appendix

Aegis Investment Team Professional Bios

Scott L. Barbee, CFA
Portfolio Manager

Mr. Barbee has been Portfolio Manager of the Aegis Value Fund since its inception in 1998 and is the controlling shareholder of Aegis Financial Corporation. Prior to Aegis, Mr. Barbee worked as an analyst covering oilfield services at Simmons & Company, and later as a generalist with deep value advisor Donald Smith & Company. Mr. Barbee received his M.B.A. from the Wharton School at the University of Pennsylvania and holds a B.S. degree in Mechanical Engineering and a B.A. degree in Economics from Rice University.

Jason Nelson
Senior Analyst

Mr. Nelson has been a buy-side securities analyst since 2005 and joined Aegis Financial in 2012. Prior to Aegis, Mr. Nelson worked as an equity and high yield analyst at deep value advisor Roumell Asset Management. Prior to his tenure at Roumell, he was an Associate at Wachovia Securities. Mr. Nelson holds a Masters in Accounting from the College of William & Mary, where he graduated with honors as class valedictorian. Mr. Nelson holds a B.A. degree in History from Hampden-Sydney College.

Justin Harrison, CFA
Chief Operating Officer

Mr. Harrison joined Aegis Financial in 2018 as the Chief Operating Officer, and serves as the Chief Compliance Officer of Aegis Financial and the Aegis Value Fund. Mr. Harrison joined with a decade of experience in asset management. The majority of his investing tenure was as a Partner & Senior Analyst with Ramsey Asset Management. Additionally, he spent over ten years in the technology industry, where he held senior operational roles including Vice President & Interim Chief Financial Officer. Mr. Harrison received his B.S. in Mechanical & Aerospace Engineering from Cornell University and is a CFA Charterholder.

Ivan Martinez
Trader

Mr. Martinez joined Aegis Financial as Trader in 2013. He has worked in securities trading since 2000, beginning his career with UBS. Mr. Martinez spent five years as Vice President at FBR Capital Markets trading equities and later became Head Trader at BGB Securities, where he was responsible for all debt and equity trading. Mr. Martinez holds a B.A. degree from James Madison University.

Chanpong "Pong" Kongkatigumjorn
Controller

Mr. Kongkatigumjorn started his career at Aegis Financial in 1998. As Controller, he oversees the firm's administrative operational activities and back-office functions including trade settlement and account servicing. He received his M.B.A. from The George Washington University and a B.B.A. from Assumption University in Thailand.

Aegis Value Fund – Class Information Terms & Minimums

	Institutional (AVALX)
<i>Minimum Investment*</i> :	
Standard Accounts	\$10,000
IRAs & Automatic Investment Plans	\$5,000
Subsequent Minimum Investment	\$250
Management Fee	1.20%
Net Expense Ratio	1.50%

**Investment minimums have been waived or reduced over a wide variety of distribution channels. Please check with the Fund or the brokerage intermediary to determine what investment minimums may apply.*

The Aegis Value Fund Class I has an annualized gross expense ratio of 1.52% per the Fund's most recent Prospectus. The Aegis Value Fund Class I's net annualized expense ratio, after fee waivers and/or expense reimbursement and management fee recoupment, is 1.50%. Under the waiver, the Advisor has contractually agreed to limit certain fees and/or reimburse certain of the Fund's expenses through April 30, 2020. The net expense is applicable to investors.

Aegis Value Fund – How To Invest

- Direct investment in the Aegis Value Fund: contact Aegis Funds c/o U.S. Bancorp Fund Services, LLC at 800-528-3780.
- Investment via a financial advisor or broker-dealer – partial sample of financial institutions through which Aegis Value Fund shares can be purchased:
 - Charles Schwab
 - Fidelity Investments
 - TD Ameritrade
 - LPL Financial
 - Pershing
 - Well Fargo
 - Raymond James
 - UBS
 - BB&T Securities
 - Stifel Financial

Definitions

Alpha – a measure of financial performance that gauges the performance of an investment against a market index or benchmark which is considered to represent the market's movement as a whole.

Basis point – equal to one hundredth of one percent (i.e. 1 basis point = 0.01%; 100 basis points = 1.00%)

Book Value - a company's common stock equity as it appears on a balance sheet.

Cash Flow - the net amount of cash and cash-equivalents being transferred into and out of a business. At the most fundamental level, a company's ability to create value for shareholders is determined by its ability to generate positive cash flows, or more specifically, maximize long-term free cash flow.

Discount-to-Book Stocks - equities trading at a market value that is below accounting book value.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) – an indicator of a company's financial performance and is used as a proxy for the earning potential of a business; EBITDA strips out the costs of debt capital and its tax effects by adding back interest and taxes to earnings.

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.

S&P SmallCap 600 Pure Value Index - an index that seeks to measure stocks that exhibit strong value characteristics, and weights them by score. Constituents are drawn from the S&P SmallCap 600 Index, a market capitalization weighted index that seeks to measure the small-cap segment of the U.S. equity market.

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.

Small-Cap Stock - term used to classify companies with a relatively small market capitalization. A company's market capitalization is the market value of its outstanding shares. The definition of small cap can vary among brokerages, but it is generally a company with a market capitalization of between \$300 million and \$2 billion.

Value Investing - an investment strategy where stocks are selected that trade for less than their estimated intrinsic values. Value investors actively seek stocks they believe the market has undervalued.

Important Disclosures

Information contained herein has been obtained from sources believed to be reliable, but cannot be guaranteed. The views of the Advisor are subject to change without notice, and are not a guarantee of future results or a forecast of future events.

Any recommendation made in this report may not be suitable for all investors. This presentation does not constitute a solicitation or offer to purchase or sell any securities. Its use in connection with any offering of fund shares is authorized only in the case of a concurrent or prior delivery of a prospectus.

The Aegis Value Fund is offered by prospectus only. Investors should consider the investment objectives, risks, charges and expenses of the fund. The Statutory and Summary Prospectuses contain this and other important 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-capitalization companies involve additional risks such as limited liquidity and greater volatility. Investment concentration in a particular sector or security involves risk of greater volatility and principal loss. Value stocks may fall out of favor with investors and underperform growth stocks during given periods.

Shareholder Services contact number: (800) 528-3780