

# Aegis Value Fund



Quarterly Report for the Period Ended September 30, 2023

## Small Cap, Deep Value

Seek 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

## Portfolio Manager

Scott Barbee, CFA – Since 1998

## Investment Strategy

Contrarian equity investors with a focus on low price-to-book stocks where we believe the market has overreacted to short-term events. We value businesses by analyzing fundamentals and cash flow potential over the full economic cycle.

Target characteristics:

- \* Discount to Tangible Book
- \* Low Multiple of Future Cash Flows
- \* Catalyst to unlock value

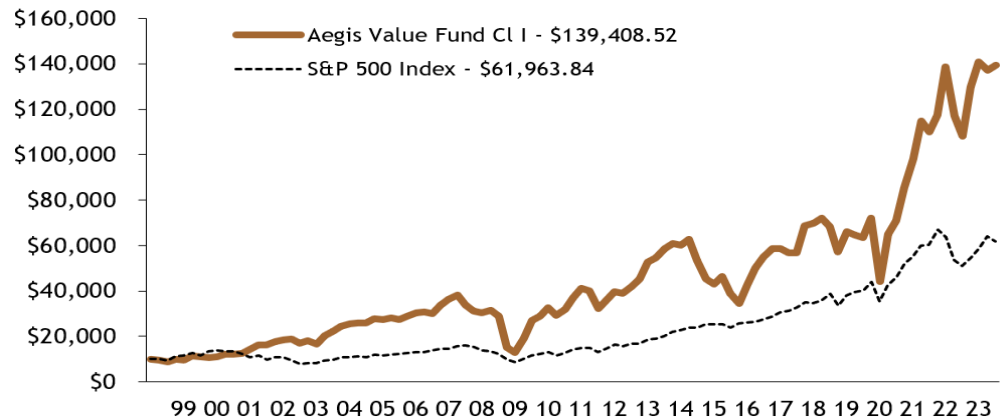
## Fund Facts

Institutional Class	AVALX
Fund Inception	5/15/1998
Total Net Assets	\$347.8 Million
Total Equity Holdings	65
Price-to-Book Value	0.85x
Weighted Average Market Cap <sup>3</sup>	\$1,302.1 Million
Turnover <sup>4</sup>	20%
Min. Investment	\$10,000
Min. Investment IRA	\$5,000
Net Expense Ratio	1.50%
Management Fee	1.20%
CUSIP	00761L102

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. Shares may also be offered through certain financial intermediaries that charge their customers transaction or other service fees with respect to their customers' investment in the Fund.

The "Results of a \$10,000 Investment" graph 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.

## Result of a \$10,000 Investment Since Inception



## Top Ten Holdings

Hallador Energy Company	9.0%
MEG Energy Corp.	6.1%
International Petroleum Corp.	5.1%
Amerigo Resources Ltd.	4.9%
Kenmare Resources	4.7%
Interfor Corp.	4.2%
Matrix Service Company	3.8%
Peabody Energy Corp.	3.7%
Natural Gas Services Group, Inc.	3.5%
Algoma Steel Group Inc.	3.0%
<b>Total</b>	<b>48.1%</b>

## Significant Co-Investors

14%

Over 14% of the fund is owned by the research team and their families

## High Active Management

99%

Active Share<sup>1</sup> vs. Index (S&P SmallCap 600 Pure Value)

## Low Price-to-Book

0.85x

Identified by independent academic study to be one of the few true value funds<sup>2</sup>

## Performance

As of 09/30/23

	Three Month	Year-to-Date	One Year	Three Year	Five Year	Ten Year	Since Inception
Aegis Value Fund (AVALX)	1.63%	7.41%	28.97%	25.25%	15.31%	9.04%	10.94%
S&P SmallCap 600 Pure Value Index (Launched 12/16/05) <sup>5</sup>	-2.24%	4.28%	21.50%	23.57%	4.99%	6.50%	N/A
S&P 500 Index	-3.27%	13.07%	21.62%	10.15%	9.92%	11.91%	7.45%
Morningstar Percentile Ranking			4	4	1	6	
Funds in Small Value Category			453	435	419	387	

Morningstar Percentile Ranking is based on total return. 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 visit [www.aegisfunds.com](http://www.aegisfunds.com). The Fund Class I has an annualized gross expense ratio of 1.45% 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 April 30, 2024.

1. The percentage of a fund's portfolio holdings that deviate from the benchmark index.
2. National Bureau of Economic Research Working Paper 25381, "Characteristics of Mutual Fund Portfolios: Where are the Value Funds?", Lettau, Ludvigson, & Manoel, Dec 2018, Revised Feb 2021.
3. Average market capitalization of all companies in the portfolio, with each weighted according to its percent held in the fund.
4. Based on most recent Prospectus for twelve-month period ending 12/31/2022.
5. The S&P SmallCap 600 Pure Value Index performance prior to December 16, 2005 cannot be shown since it relies on back-tested data.

## Sector^ Breakdown

Consumer Discretionary	4.0%
Consumer Staples	0.0%
Energy	39.9%
Financials	4.2%
Healthcare	0.0%
Industrials	4.5%
Information Technology	0.1%
Materials	44.7%
Real Estate	0.0%
Telecommunication Services	0.0%
Utilities	0.0%
Cash & US Treasury Bills	2.6%
<b>Total</b>	<b>100.0%</b>



## Portfolio Composition

Domestic Common Equity	31.6%
Foreign Equity Listed on US Exchange	4.8%
Foreign Equity Listed on Canadian Exchange	49.0%
Foreign Equity Listed on Foreign Exchange other than Canada	12.1%
Cash & US Treasury Bills	2.6%
<b>Total</b>	<b>100.0%</b>

## Investment Approach

The Aegis Value Fund is a contrarian, fundamentals-driven mutual fund focused on deep value, small cap stocks. Managed by Scott Barbee since inception, the Fund was identified by a December 2018 independent, academic study<sup>2</sup> to be one of the few mutual funds with a long track record focused on exploiting investment opportunities within the low price-to-book equity segment. The research team is strongly committed to the strategy, with significant co-investment in the Fund.

We look for companies with the following characteristics:

### Trading at a Discount to Tangible Book Value

Asset valuation is at the core of our investment approach. We do intense balance sheet analysis, assessing corporate financial strength and evaluating balance sheet impacts under a variety of possible economic scenarios. We prefer investments in heavily discounted companies backed by strong assets.

### Trading at Low Multiples of Future Cash Flows

We seek to exploit market overreaction to short-term negative market sentiment. We maintain a disciplined focus on the long-term cash generating capability of an enterprise over an entire economic cycle. Management's past decisions and executive compensation are examined to assess competence in managing future cash flows.

### A Catalyst

We prefer to invest when we see a catalyst that can serve to unlock value or change investors' perception of a stock's worth, enabling a stock to trade closer to our estimate of its intrinsic value. Catalysts often include restructurings, new production coming on-line, deleveraging, asset sales, discounted share repurchases, or the involvement of an activist investor.

**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. One cannot invest directly in an index.

**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. **Price-to-Tangible Book:** A valuation ratio expressing the price of a security compared to its hard, or tangible, book value as reported in the company's balance sheet. The tangible book value number is equal to the company's total book value less the value of any intangible assets. **Cash Flows:** A revenue or expense stream that changes a cash account over a given period.

<sup>^</sup> Sectors shown are determined by the Global Industry Classification Standard (GICS®), developed by, and the exclusive property of MSCI and Standard & Poor's. Aegis Financial Corp. does not necessarily utilize GICS® sectors in its annual reporting. Narrow industries may be utilized for compliance purposes, whereas broad sectors are utilized for reporting. The Fund does not adhere to the sector, industry, or geographic allocations of any benchmark. Fund holdings and/or industry allocations are subject to change at any time.

*This report does not constitute an offer or solicitation of any transaction in any securities. The Aegis Value Fund is offered by prospectus only. Investors should carefully consider the Fund's investment objectives, risks, charges, and expense. The summary and statutory prospectus contains this and other information about the Fund and should be read carefully before investing. To obtain a copy of the prospectus, please call us at (800) 528-3780, or visit our website at [www.aegisfunds.com](http://www.aegisfunds.com), where an online 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.

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.

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