

Aegis High Yield Fund

Semi-Annual Report

June 30, 2005

Shareholders' Letter

August 12, 2005

To the Shareholders of the Aegis High Yield Fund:

We are pleased to present the Aegis High Yield Fund's Semi-Annual Report for the six months ended June 30, 2005.

We want to take this opportunity to welcome new shareholders to the Fund. We appreciate your support. At any time, if you would like further information about the Fund, please go to our website at www.aegisfunds.com for a more detailed look at the high-yield bond market and the Fund's investment approach. For your benefit, we will review the objectives and strategy of the Fund.

The Aegis High Yield Fund seeks to earn consistent total returns in the market that exceed our benchmark over periods of three to five years, while striving for below-average risk compared to our peers. Our long-term investment strategy is based on our total return objective. We use in-depth fundamental analysis of issuers to identify bonds and build a portfolio with the potential for capital appreciation due to improved company performance, ratings upgrades, or better industry conditions. We seek situations where Wall Street's appraisal of a security's value is more negative than we have determined based upon an independent study of the facts. The bonds we purchase are not necessarily the highest yielding issues in the market. Our goal is to maximize risk-adjusted long-term total return.

For the six-month period ended June 30, 2005, the Aegis High Yield Fund posted a total return of 1.70 percent, compared to a total return of 1.11 percent for its benchmark, the Lehman U.S. Corporate High Yield Index. The Fund's closing net asset value at the end of the period was \$10.11 per share, and income distributions of 20 cents per share were paid during the semi-annual period. The Fund's SEC 30-day annualized yield was 6.03% as of June 30.

The Fund's portfolio was in a somewhat cautious position at mid-year, with a weighted average portfolio maturity of somewhat less than four years and portfolio duration of approximately 2.6 years. Financial statements for the Fund's most recent operating period are included in this report.

As the year commenced, the high-yield bond market was trading (as it had for a considerable portion of 2004) at yield levels very close to all-time lows. In our February letter, we expressed caution toward the market. Weeks later, General Motors announced a very disappointing profit outlook for 2005 and its bonds were soon downgraded to junk status, a move that created much turmoil in the

high-yield market. Many highly leveraged market participants were forced to sell securities to improve their liquidity and reduce the risk of their trading positions. In the few weeks from early March to mid-May, the yield on the Lehman index rocketed from 6.7% to 8.6% as market participants dramatically revised their outlook for the investment fundamentals and economic risks.

In late May, after both Moody's and Fitch announced decisions to maintain Ford Motor Co. at investment grade ratings, the market began a rally that continued into the early days of August. The Lehman index is now yielding around 7.7%. Nevertheless, the near-collapse of a few months ago was an indication of how quickly and how far the high-yield market can plunge from elevated levels.

Fortunately, the Fund was well-positioned for a correction and held up relatively well in March and April. We were a buyer when bargains were available and were able to make some attractive purchases during the period. We also had to meet some share redemptions in the downturn, and the combination of factors left us with a fully invested portfolio at June 30. Thus we were able to participate in the recent rally without the drag of a large cash position.

A more in-depth review of the Fund's performance and outlook can be found in the Advisor's Report that is provided to you separately. Our decision to use this particular format is a result of the Sarbanes-Oxley Act of 2002. Under the Act, mutual fund officers are required to certify the entirety of each Annual and Semi-Annual report. After some deliberation, we reached the conclusion that we are not in a position to certify data provided by third parties, nor will we certify any analysis and subjective conclusions drawn from such data.

Nonetheless, we strongly feel that a thoughtful and detailed discussion of current market conditions is important to our shareholders. Therefore, please continue to anticipate reading this more editorial type of commentary and analysis in the Advisor's Report in the future.

We thank you for your continued investment in the Fund.

Aegis Financial Corporation

William S. Berno, CFA

Managing Director, Portfolio Manager

Note: All historical performance returns shown in this shareholders' letter for the Aegis High Yield Fund are pre-tax returns. Returns include reinvestment of income and capital gains. Past performance is no guarantee of future results. Share prices will fluctuate, so that shares may be worth more or less than their original cost when redeemed.

About Your Fund's Expenses (Unaudited)

Important Note:

As a shareholder of the Fund, you incur ongoing costs, including management fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire semi-annual period, January 1, 2005 - June 30, 2005.

Actual expenses

The table below provides information about actual account values and actual expenses.

Fund	<u>Actual</u>			<u>Hypothetical</u> (5% annual return before expenses)	
	Beginning Account Value (01/01/2005)	Ending Account Value (06/30/2005) ¹	Expenses Paid During Period ²	Ending Account Value (06/30/2005)	Expenses Paid During Period ²
Aegis High Yield Fund	\$1,000.00	\$1,017.00	\$6.00	\$1,018.84	\$6.01

¹The actual ending account value is based on the actual total return of the Fund for the period January 1, 2005 to June 30, 2005 after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's actual expense ratio and a hypothetical annual return of 5% before expenses. The actual cumulative returns at net asset value for the period January 1, 2005 to June 30, 2005 were 1.70%.

²Expenses are equal to the Fund's annualized expense ratio (1.20%) multiplied by the average account value over the period, multiplied by 181/365 (to reflect the period between 01/01/2005 and 06/30/2005).

You may use the information in this table, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the table under the heading entitled "Actual Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical example for comparison purposes

The table above also provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used

to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. The Fund is a pure no-load fund and does not charge any sales charges (loads), distribution or service fees, or redemption fees.

Portfolio Characteristics (Unaudited)

Industry Breakdown

Corporate Bonds		100.2%
Industrial Cyclicals	11.1%	
Retail and Wholesale	11.9%	
Financial Services	6.9%	
Transportation and Services	14.1%	
Energy and Natural Resources	13.8%	
Consumer Products	8.1%	
Consumer Services	7.7%	
Healthcare Products and Services	7.7%	
Technology and Communication	18.9%	
Short-Term Investments		6.4%
Other Liabilities		<u>(6.6%)</u>
Total Net Assets		<u>100.0%</u>

Credit Quality - % of Corporate Bonds

BBB or Higher		4%
BB		12%
B		59%
CCC		15%
Below CCC or unrated		<u>10%</u>
Total		<u>100%</u>

Maturity (Or Most Likely Call) - % of Corporate Bonds

Less than 1 year		15%
1-3 years		53%
4-6 years		26%
7-10 years		3%
More than 10 years		<u>3%</u>
Total		<u>100%</u>

Aegis High Yield Fund
Schedule of Portfolio Investments
June 30, 2005
(Unaudited)

<u>Corporate Bonds - 100.2%</u>	<u>Principal Amount</u>	<u>Market Value</u>
<u>Industrial Cyclicals - 11.1%</u>		
Lyondell Chemical Co. Sr. Sec. Deb. 9.875% due 5/1/07	20,000	\$20,600
Resolution Performance Sr. Sub. Notes 13.50% due 11/15/10	100,000	108,000
Delphi Corp. Sr. Unsecured Notes 6.50% due 5/1/09	100,000	83,500
Tembec Industries Inc. Sr. Notes 8.625% due 6/30/09	100,000	<u>82,000</u>
		<u>294,100</u>
<u>Retail and Wholesale - 11.9%</u>		
Marsh Supermarkets Inc. Sr. Sub. Notes 8.875% due 8/1/07	125,000	122,812
Ingles Markets Inc. Sr. Sub. Notes 8.875% due 12/1/11	100,000	102,125
Finlay Fine Jewelry Corp. Sr. Notes 8.375% due 6/1/12	100,000	<u>90,625</u>
		<u>315,562</u>
<u>Financial Services - 6.9%</u>		
Ford Motor Credit Notes 6.50% due 1/25/07	100,000	100,754
PMA Capital Sr. Notes 8.50% due 6/15/18	80,000	<u>81,280</u>
		<u>182,034</u>
<u>Transportation and Services - 14.1%</u>		
Williams Scotsman Inc. Sr. Notes 9.875% due 6/1/07	100,000	100,500
Sea Containers Ltd. Sr. Notes 7.875% due 2/15/08	100,000	98,000
Allied Waste N.A. Sr. Notes 6.50% due 11/15/10	100,000	99,000
Great Lakes Dredge & Dock Sr. Sub. Notes 7.75% due 12/15/13	100,000	<u>76,250</u>
		<u>373,750</u>
<u>Energy & Natural Resources - 13.8%</u>		
USEC Inc. Sr. Notes 6.625% due 1/20/06	100,000	99,500
El Paso Coastal Corp. 6.50% due 6/1/08	100,000	99,750
Southern Energy, Inc. Sr. Notes 144A 7.90% due 7/15/09*	200,000	<u>165,000</u>
		<u>364,250</u>
<u>Consumer Products - 8.1%</u>		
Tommy Hilfiger Gtd. Notes 6.85% due 6/1/08	100,000	101,000
North Atlantic Trading Inc. Sr. Notes 9.25% due 3/1/12	150,000	<u>114,000</u>
		<u>215,000</u>

See page 13 for notes to the financial statements.

Aegis High Yield Fund
Schedule of Portfolio Investments
June 30, 2005
(Unaudited)

<u>Corporate Bonds - 100.2% (Continued)</u>	<u>Principal Amount</u>	<u>Market Value</u>
<u>Consumer Services - 7.7%</u>		
Mohegan Tribal Gaming Authority Sr. Sub. Notes 6.375% due 7/15/09	100,000	\$102,500
Service Corp. Intl. Sr. Unsec. Notes 6.50% due 3/15/08	100,000	<u>102,750</u>
		<u>205,250</u>
<u>Healthcare Products and Services - 7.7%</u>		
Healthsouth Corp. Sr. Notes 8.50% due 2/1/08	100,000	102,250
Biovail Corp. Sr. Sub. Notes 7.875% due 4/1/10	100,000	<u>102,750</u>
		<u>205,000</u>
<u>Technology and Communications - 18.9%</u>		
Nortel Networks Ltd. Notes 6.125% due 2/15/06	100,000	101,125
GTE Hawaiian Telephone Debentures 7.375% due 9/1/06	100,000	102,250
MCI Inc. Notes 6.908% due 5/1/07	100,000	101,625
Unisys Corp. Sr. Notes 7.875% due 4/1/08	100,000	101,500
Intelsat Ltd. Sr. Notes 5.25% 11/1/08	100,000	<u>94,000</u>
		<u>500,500</u>
Total Corporate Bonds - (Cost \$2,692,907)		<u>2,655,446</u>
<u>Investment Companies - 1.5%</u>		
Federated Prime Obligations Fund	38,909	<u>38,909</u>
Total Investment Companies - (Cost \$38,909)		<u>38,909</u>
<u>Short-Term Investments - 4.9%</u>		
U. S. Treasury Bill due 7/7/05	130,000	<u>129,940</u>
Total Short-Term Investments - (Cost \$129,940)		<u>129,940</u>
Total Investments - 106.6% (Cost \$2,861,756)		<u>2,824,295</u>
Other Assets and Liabilities - (6.6%)		<u>(174,383)</u>
Net Assets - 100.0%		<u>\$2,649,912</u>

*Non-income producing security due to default or bankruptcy

144A - Represents a security sold under Rule 144A which is exempt from registration and may be resold to qualified institutional buyers under provisions of Rule 144A of the Securities Act of 1933, as amended

See page 13 for notes to the financial statements.

Aegis High Yield Fund
Statement of Assets and Liabilities
June 30, 2005
(Unaudited)

Assets

Investments at market value (cost \$2,861,756)	\$2,824,295
Cash	24,476
Interest and dividends receivable	<u>47,029</u>
Total assets	<u>2,895,800</u>

Liabilities

Payable for fund shares redeemed	235,065
Accrued expenses	<u>10,823</u>
Total liabilities	<u>245,888</u>

<i>Net assets</i> (262,149 shares of beneficial interest outstanding; unlimited number of shares authorized; no par value)	<u>\$2,649,912</u>
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Net assets consist of:

Paid-in capital	2,647,069
Undistributed net investment income	9,520
Accumulated net realized gain	30,784
Net unrealized depreciation	<u>(37,461)</u>

<i>Net assets</i>	<u>\$2,649,912</u>
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<i>Net asset value per share</i>	<u>\$10.11</u>
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See page 13 for notes to the financial statements.

Aegis High Yield Fund
Statement of Operations
For the Six Months Ended June 30, 2005
(Unaudited)

<i>Investment Income</i>	
Interest	<u>\$101,861</u>
Total income	<u>101,861</u>
<i>Expenses</i>	
Investment advisory fees	16,658
Transfer agency and administration fees	4,627
Registration fees	8,235
Custody fees	3,478
Printing and postage costs	381
Legal and accounting fees	11,978
Trustees fees	8,416
Insurance and other	<u>4,713</u>
Gross expenses	58,486
Less: fees paid indirectly	(125)
Less: fees reimbursed by investment advisor	<u>(36,150)</u>
Net expenses	<u>22,211</u>
<i>Net investment income</i>	<u>79,650</u>
<i>Realized and unrealized gain (loss) on investments</i>	
Net realized gain on investments	28,750
Change in unrealized appreciation (depreciation) of investments for the period	<u>(78,675)</u>
<i>Net realized and unrealized loss on investments</i>	<u>(49,925)</u>
<i>Net increase in net assets resulting from operations</i>	<u>\$29,725</u>

See page 13 for notes to the financial statements.

Aegis High Yield Fund
Statement of Changes in Net Assets
For the Six Months Ended June 30, 2005
and Year Ended December 31, 2004

	For the period ended	
	June 30, 2005 <u>(Unaudited)</u>	<u>December 31, 2004</u>
<i>Increase in net assets from operations</i>		
Investment income - net	\$79,650	\$59,660
Net realized gain on investments	28,750	2,431
Change in unrealized appreciation	<u>(78,675)</u>	<u>42,534</u>
Net increase in net assets resulting from operations	<u>29,725</u>	<u>104,625</u>
<i>Distributions</i>		
Investment income - net	(70,130)	(60,057)
Realized capital gains	<u>0</u>	<u>0</u>
Total distributions	<u>(70,130)</u>	<u>(60,057)</u>
<i>Capital share transactions*</i>		
Subscriptions	1,790,598	2,829,385
Distributions reinvested	69,923	60,057
Redemptions	<u>(2,204,190)</u>	<u>(24)</u>
Total capital share transactions	<u>(343,669)</u>	<u>2,889,418</u>
Total increase (decrease) in net assets	<u>(384,074)</u>	2,933,986
<i>Net assets at beginning of year</i>	<u>3,033,986</u>	<u>100,000</u>
<i>Net assets at end of year</i>	<u>\$2,649,912</u>	<u>\$3,033,986</u>
<i>*Share information</i>		
Subscriptions	177,916	283,275
Distributions reinvested	6,953	6,011
Redemptions	<u>(222,004)</u>	<u>(2)</u>
Net increase (decrease) in shares	<u>(37,135)</u>	<u>289,284</u>

See page 13 for notes to the financial statements.

Aegis High Yield Fund
Financial Highlights
(Unaudited)

The table below sets forth financial data for a share of the Fund outstanding throughout each period. Figures for the period ended June 30, 2005 are unaudited. Figures for the period ended December 31, 2004 have been audited.

	For the six months ended June 30, 2005	For the year ended December 31, 2004*
<i>Per share data:</i>		
Net asset value - beginning of period	<u>\$10.14</u>	<u>\$10.00</u>
Income from investment operations-		
Net investment income	0.22	0.24
Net realized and unrealized gain (loss) on investments	<u>(0.05)</u>	<u>0.14</u>
Total from investment operations	<u>0.17</u>	<u>0.38</u>
Less distributions declared to shareholders		
Net investment income	<u>(0.20)</u>	<u>(0.24)</u>
Total distributions	<u>(0.20)</u>	<u>(0.24)</u>
Net asset value - end of period	<u>\$10.11</u>	<u>\$10.14</u>
Total investment return	1.70%**	3.86%
Ratios (to average net assets)/supplemental data:		
Expenses after reimbursement and fees paid indirectly	1.20%#	1.20%
Expenses before reimbursement and fees paid indirectly ¹	3.16%#	3.82%
Net investment income	4.30%#	2.69%
Portfolio turnover	30%#	21%
Net assets at end of period (000's)	\$2,650	\$3,034

*Fund commenced operations January 1, 2004.

**Total return is not annualized.

#Annualized.

¹Ratio after expense reimbursement, before fees paid indirectly, is 1.21% for the six months ended June 30, 2005 and 1.22% for the year ended December 31, 2004.

See page 13 for notes to the financial statements.

Aegis High Yield Fund
Notes to Financial Statements
June 30, 2005
(Unaudited)

1. The Organization

Aegis High Yield Fund (the "Fund") is registered under the Investment Company Act of 1940 (the "1940 Act") as a diversified open-end management company. The Fund is a series of The Aegis Funds, a Delaware statutory trust established July 11, 2003. The Fund commenced operations January 1, 2004. Through December 31, 2003, the Fund had no operations other than those matters related to organization and registration as an investment company, the registration of shares for sale under the Securities Act of 1933, and the sale of 10,000 shares of the Fund at \$10.00 per share on September 29, 2003 to William S. Berno. The sale was settled in the ordinary course of business on September 29, 2003 with the transfer of \$100,000.

The Fund's principal investment goal is to seek maximum total return with an emphasis on high current income by investing primarily in a portfolio of corporate bonds rated less than investment grade.

2. Summary of Significant Accounting Policies

Security valuation. Investments in securities are valued based on market quotations or on data furnished by an independent pricing service. Short-term notes are stated at amortized cost, which is equivalent to value. Restricted securities and other securities for which market quotations are not readily available are valued at fair value as determined by the Board of Trustees. In determining fair value, the Board procedures consider all relevant qualitative and quantitative factors available. These factors are subject to change over time and are reviewed periodically. The values assigned to fair value investments are based on available information and do not necessarily represent amounts that might ultimately be realized, since such amounts depend on future developments inherent in long-term investments. Further, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. At June 30, 2005, none of the Fund's net assets were fair valued in accordance with the procedures adopted by the Board. Where a security is traded in more than one market, which may include foreign markets, the securities are generally valued on the market considered by the Fund's advisor to be the primary market. The Fund will value its foreign securities in U.S. dollars on the basis of the then-prevailing currency exchange rates.

Aegis High Yield Fund
Notes to Financial Statements
June 30, 2005
(Unaudited)

Cash. Cash includes deposits held at the Fund's custodian in a variable rate account at the applicable interest rate.

Federal income taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code that are applicable to regulated investment companies and to distribute all its taxable income to shareholders. Therefore, no federal income tax provision is required.

Expenses paid indirectly. Credits earned on temporarily uninvested cash balances at the custodian are used to reduce the Fund's custody charges. Custody expense in the statement of operations is presented before the reduction for credits, which were \$125 for the period ended June 30, 2005.

Distributions to shareholders. Distributions to Fund shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. Distributions of net investment income, if any, are made monthly. Net realized gains from investment transactions, if any, will be distributed to shareholders at least annually.

Use of estimates. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Other. The Fund records security transactions based on the trade date. Interest income is recognized on the accrual basis and includes accretion of discounts and amortization of premiums.

In the normal course of business, the Fund enters into contracts that contain a variety of representations, which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

Aegis High Yield Fund
Notes to Financial Statements
June 30, 2005
(Unaudited)

3. Advisory Fees and Other Transactions with Affiliates

The Fund entered into an investment management and advisory services agreement (the "Agreement") with Aegis Financial Corporation (the "Advisor") that provides for fees to be computed at an annual rate of 0.90% of the Fund's average daily net assets. The Agreement shall remain in force through March 31, 2006 and may be renewed for additional one-year periods thereafter if approved annually by a majority of the independent members of the Board. The Agreement may be terminated at any time, without penalty, by the Fund on sixty (60) days' written notice or by the Advisor on ninety (90) days' written notice. The Fund and the Advisor have also entered into an expense limitation agreement that provides for an expense reimbursement from the Advisor if the Fund's expenses, exclusive of taxes, interest, fees incurred in acquiring or disposing of portfolio securities, and extraordinary expenses, exceed 1.20% of the Fund's average daily net assets. During the six-month period ended June 30, 2005, the Advisor reimbursed the Fund \$36,150.

The Fund has agreed to repay the Advisor for amounts waived or reimbursed by the Advisor pursuant to the expense limitation agreement provided that such repayment does not cause the Fund's expenses, exclusive of taxes, interest, fees incurred in acquiring or disposing of portfolio securities and extraordinary expenses, to exceed 1.20% and the repayment is made within three years after the year in which the Advisor incurred the expense. As of June 30, 2005, there was \$93,798 of fees available to be recovered no later than December 31, 2007.

The Fund entered into an agreement with BGB Fund Services, Inc., effective January 1, 2004 to provide fund accounting, administration, transfer agency and shareholder services to the Fund at an annual rate of 0.25% of the Fund's average daily net assets.

BGB Securities, Inc., a registered broker/dealer, executes portfolio transactions on behalf of the Fund. Brokerage commissions paid to BGB Securities amounted to \$539 for the period ended June 30, 2005.

Certain officers and trustees of the Fund are also officers and directors of the Advisor and BGB Fund Services, Inc. The Fund pays each trustee not affiliated with the Advisor fees in cash or Fund shares of \$1,000 for each attended board meeting and \$500 for each attended committee meeting.

Aegis High Yield Fund
Notes to Financial Statements
June 30, 2005
(Unaudited)

4. Investment Transactions

Purchases and sales of investment securities, excluding accrued interest, were \$1,534,827 and \$552,162, respectively, for the period ended June 30, 2005. The specific identification method is used to determine tax cost basis when calculating realized gains and losses.

5. Distributions to Shareholders and Tax Components of Net Assets

The tax character of distributions paid during the period ended June 30, 2005 were as follows:

Distributions paid from ordinary income	<u>\$70,130</u>
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As of December 31, 2004, the components of net assets on a tax basis were as follows:

Undistributed ordinary income	\$ 2,034
Unrealized appreciation	64,470
Unrealized depreciation	(21,936)
Shares of beneficial interest	<u>2,989,418</u>
Total	<u>\$3,033,986</u>

Aegis High Yield Fund
Other Information
June 30, 2005

Fund Trustees and Officers

<u>Name, Age and Address</u>	<u>Position</u>	<u>Business Experience and Trusteeships During the Past 5 Years</u>
William S. Berno* (51) 1100 North Glebe Road Suite 1040 Arlington, Virginia 22201	President, Trustee	President and Managing Director of Aegis Financial Corporation since 1994; President and Director of the Aegis Value Fund, Inc. since 1997; President and Trustee of the Fund since 2003.
Scott L. Barbee* (34) 1100 North Glebe Road Suite 1040 Arlington, Virginia 22201	Treasurer, Trustee	Treasurer and Managing Director of Aegis Financial Corporation since 1997; Treasurer and Director of the Aegis Value Fund, Inc. since 1997; Treasurer and Trustee of the Fund since 2003.
Edward P. Faberman (59) Wiley Rein & Fielding LLP 1776 K Street N.W. Washington, DC 20006	Trustee	Attorney with the firm of Wiley Rein & Fielding LLP since 2005; Attorney with the firm of Ungaretti & Harris 1996-2005; Director of Aegis Value Fund Inc. since 1997; Trustee of the Fund since 2003.
Eskander Matta (35) Wells Fargo & Co. 550 California Street 2nd Floor San Francisco, California 94111	Trustee	Senior VP of Enterprise Internet Services, Wells Fargo & Co. since 2002; Director of Strategic Consulting with Cordiant Communications, 2001-2002; Director of Strategic Consulting, Organic, Inc. 1999-2001; Director of the Aegis Value Fund Inc. since 1997; Trustee of the Fund since 2003.

(Continued)

Aegis High Yield Fund
Other Information
June 30, 2005

Fund Trustees and Officers (Continued)

<u>Name, Age and Address</u>	<u>Position</u>	<u>Business Experience and Trusteeships During the Past 5 Years</u>
Albert P. Lindemann III (43) Faison Enterprises 121 West Trade Street Suite 2550 Charlotte, North Carolina 28202	Trustee	Director, Faison Enterprises since 2000; Director of the Aegis Value Fund, Inc. since 2000; Trustee of the Fund since 2003.
Fund Secretary Paul Gambal* (46) 1100 North Glebe Road Suite 1040 Arlington, VA 22201	Secretary	Chairman, Secretary and Managing Director of Aegis Financial Corporation since 1994; Secretary of the Aegis Value Fund, Inc. since 1997; Secretary of the Fund since 2003.

* indicates persons who are affiliated with Aegis Financial Corporation, the Advisor, and are therefore considered "interested persons" under the Investment Company Act of 1940.

The Fund's Statement of Additional Information includes additional information about the Trustees and is available, without charge, by calling the Fund's toll-free phone number, (800)528-3780.

Form N-Q

The Fund files its complete schedule of portfolio holdings with the U.S. Securities and Exchange Commission (the "Commission") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the Commission's website at <http://www.sec.gov>.

The Fund's Form N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Information on the operation of the Commission's Public Reference Room may be obtained by calling 1-800-SEC-0330.

Code of Ethics

The Fund has adopted a code of ethics applicable to its principal executive officer and principal financial officer. A copy of this code is available, without charge, by calling the Fund toll-free phone number, (800)528-3780.

Aegis High Yield Fund
Other Information
June 30, 2005

Proxy Voting

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available by request, without charge, by calling the Fund's toll-free telephone number, 800-528-3780. Information regarding how the Fund voted proxies, if any, relating to portfolio securities during the most recent 12-month period ended June 30, 2005 is available upon request, without charge, by calling 800-528-3780. The Fund's proxy voting policies and procedures and voting record are also available on the Commission's website at <http://www.sec.gov>.

Board Consideration of Investment Advisory Agreement

The Investment Advisory Agreement between the Trust, on behalf of the Fund, and the Advisor was most recently renewed at a meeting of the Board held on February 25, 2005. Unless terminated as specified in the Investment Advisory Agreement, the Investment Advisory Agreement continues in effect for successive periods of twelve months, provided such continuance is specifically approved at least annually (a) by the vote of a majority of the Independent Trustees, cast in person at a meeting called for the purpose of voting on such approval, and (b) by the Board of Trustees or by vote of a majority of the outstanding voting securities of the Fund. In connection with its consideration of the adoption of the Investment Advisory Agreement, the Board of Trustees requested, and the Advisor provided, information and data relevant to the Board's consideration. The Board reviewed information on expense ratios and management fees for certain comparable funds. The Board discussed the proposed advisory fee of 0.90% of the Fund's average daily net assets and the Expense Limitation Agreement between the Fund and the Advisor, pursuant to which the Advisor has agreed through December 31, 2005 to limit its fee and/or reimburse other expenses of the Fund to the extent necessary to limit the total operating expenses of the Fund to an annual rate of 1.20% (as a percentage of the average daily net assets of the Fund). The Board agreed that the proposed fee structure is reasonable and fair to shareholders. They reviewed the past performance of the Fund and the Advisor, and noted the range of investment advisory and administrative services to be provided by the Advisor to the Fund. The Board took note of the fact that the Advisor also has served as investment advisor to another mutual fund affiliated with the Fund having total assets of approximately \$750 million, and they noted the level and quality of service provided by the Advisor to that fund. They also took note of the fact that the Fund is not subject to sales charges or Rule 12b-1 fees. Based upon their review and consideration of these factors and other matters deemed relevant by the Board in reaching an informed business judgment, a majority of the Board of Trustees, including a majority of the Independent Trustees, concluded that the terms of the Investment Advisory Agreement are fair and reasonable and the Board voted to approve the agreement.

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