

**Aegis High Yield Fund**

**First Annual Report**

**December 31, 2004**

## Shareholders' Letter

February 18, 2005

To the Shareholders of the Aegis High Yield Fund:

We are pleased to present the Aegis High Yield Fund's First Annual Report, for the year ended December 31, 2004.

We want to take this opportunity to welcome all of our new shareholders to the Fund. We are quite excited about this new offering and greatly appreciate your support. At any time, if you would like further information about the Fund, please go to our website at [www.aegisfunds.com](http://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 Aegis High Yield 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.*

The Fund commenced investment operations as of January 1, 2004. For its initial year of operations, the period ended December 31, 2004, the Aegis High Yield Fund posted a total return of 3.86 percent, compared to a total return of 11.13 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 \$10.14 per share, and income distributions of 24 cents per share were paid during the fiscal year.

The Fund's portfolio was in a very cautious position and maintained high liquidity at December 31, with a weighted average portfolio maturity of approximately three years and cash equivalents approximating 43% of portfolio value. Financial statements for the Fund's most recent operating period are included in this report.

As the year came to an end, 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. This was in spite of a rising level of inflation during the year, an imbalanced

global economy, and a steady pattern of interest rate increases from the Federal Reserve Board during the second half of the year. These historically low market yields, in our opinion, did not come close to offering investors adequate compensation for the risks assumed in a high-yield bond investment.

The Fund maintained a defensive position in these market conditions, holding larger than normal amounts of cash and keeping its investments more focused on issues with near-term maturities or call dates. This defensive posture kept the Fund's risk level at the lower end of its range, but caused the Fund to underperform its benchmark, particularly as the high-yield bond market rallied during the closing months of the year. The Fund expects to continue to maintain a defensive position until market yields rise to levels sufficient to adequately compensate for the investment risks of high-yield bonds.

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 support of this new Fund. We are pleased to have you with us.

**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, July 1, 2004 - December 31, 2004.

### 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)	
	<u>Beginning Account Value (07/01/2004)</u>	<u>Ending Account Value (12/31/2004)</u> <sup>1</sup>	<u>Expenses Paid During Period</u> <sup>2</sup>	<u>Ending Account Value (12/31/2004)</u>	<u>Expenses Paid During Period</u> <sup>2</sup>
Aegis High Yield Fund	\$1,000.00	\$1,035.48	\$6.14	\$1,019.10	\$6.09

<sup>1</sup>The actual ending account value is based on the actual total return of the Fund for the period July 1, 2004 to December 31, 2004 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 July 1, 2004 to December 31, 2004 were 3.55%.

<sup>2</sup>Expenses are equal to the Fund's annualized expense ratio (1.20%) multiplied by the average account value over the period, multiplied by 184/366 (to reflect the period between 07/01/2004 and 12/31/2004).

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

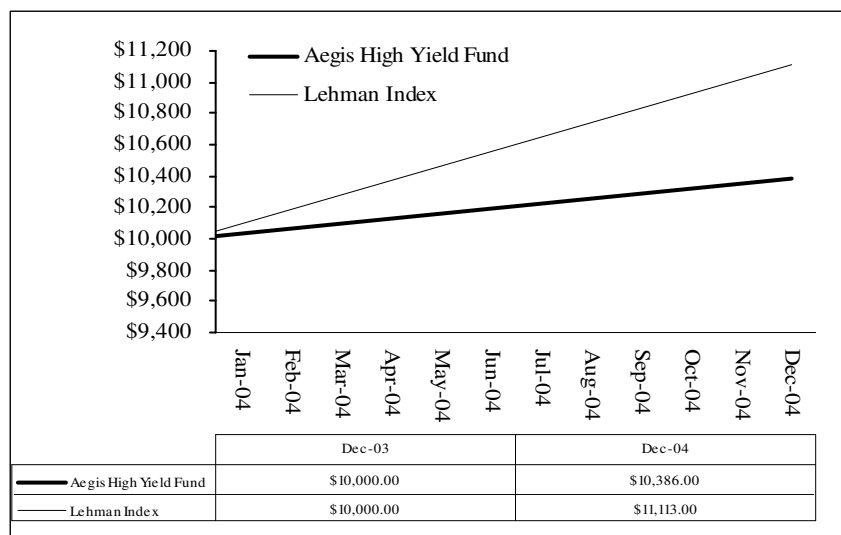
with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

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.

**Key Statistics**

**Average Annual Total Returns (As of December 31, 2004)**

**Results of a \$10,000 Investment**



	<u>Aegis High Yield</u>	<u>Lehman HY Index</u>
Trailing 1 Year	3.86%	11.13%
Since inception (January 1, 2004)	3.86%	11.13%

Returns on both Aegis High Yield Fund and Lehman Index assume reinvestment of all dividends and distributions. Fund returns are after all expenses. Past performance is not predictive of future results. The returns shown do not reflect the deduction of taxes a shareholder would pay on the redemption of Fund shares or Fund distributions.

## Portfolio Characteristics (Unaudited)

### Industry Breakdown

<b>Corporate Bonds</b>		56.4%
Industrial Cyclicals	12.7%	
Retail and Wholesale	1.7%	
Transportation and Services	13.2%	
Energy and Natural Resources	11.0%	
Consumer Products	4.2%	
Healthcare	6.9%	
Technology and Communication	6.7%	
<b>Short-Term Investments</b>		39.8%
<b>Other Assets and Liabilities</b>		<u>3.8%</u>
<b>Total Net Assets</b>		<u>100.0%</u>

### Credit Quality - % of Corporate Bonds

BBB or Higher		0%
BB		6%
B		63%
CCC		11%
Below CCC or unrated		<u>20%</u>
Total		<u>100%</u>

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

Less than 1 year		18%
1-3 years		45%
4-6 years		12%
7-10 years		12%
More than 10 years		<u>13%</u>
Total		<u>100%</u>

**Aegis High Yield Fund**  
**Schedule of Portfolio Investments**  
**December 31, 2004**

<b><u>Corporate Bonds - 56.4%</u></b>	<b><u>Principal Amount</u></b>	<b><u>Market Value</u></b>
<b><u>Industrial Cyclicals - 12.7%</u></b>		
Lyondell Chemical Co. Sr. Sec. Deb. 9.875% due 5/1/07	\$70,000	\$73,675
Resolution Performance Sr. Sub. Notes 13.50% due 11/15/10	100,000	109,250
Union Carbide Corp. Debentures 6.79% due 6/1/25	100,000	102,250
Tembec Industries Inc. Sr. Notes 8.625% due 6/30/09	100,000	<u>101,000</u>
		<u>386,175</u>
<b><u>Retail and Wholesale - 1.7%</u></b>		
Marsh Supermarkets Inc. Sr. Sub. Notes 8.875% due 8/1/07	50,000	<u>50,375</u>
		<u>50,375</u>
<b><u>Transportation and Services - 13.2%</u></b>		
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	100,625
AMERCO Term Loan B Notes 9.00% due 3/15/09	100,000	106,500
Great Lakes Dredge & Dock Corp. Sr. Sub. Notes 7.75% due 12/15/13	100,000	<u>91,500</u>
		<u>399,125</u>
<b><u>Energy &amp; Natural Resources - 11.0%</u></b>		
USEC Inc. Sr. Notes 6.625% due 1/20/06	100,000	102,000
Trico Marine Services Inc. Sr. Notes 8.875% due 5/15/12*	125,000	82,188
Southern Energy, Inc. Sr. Notes 144A 7.90% due 7/15/09*	200,000	<u>150,000</u>
		<u>334,188</u>
<b><u>Consumer Products - 4.2%</u></b>		
North Atlantic Trading Inc. Sr. Notes 9.25% due 3/1/12	150,000	<u>127,500</u>
		<u>127,500</u>

*Continued*

See page 13 for notes to the financial statements.

**Aegis High Yield Fund**  
**Schedule of Portfolio Investments**  
**December 31, 2004**

<u>Corporate Bonds - 56.4%</u>	<u>Principal Amount</u>	<u>Market Value</u>
<b><u>Healthcare Products and Services - 6.9%</u></b>		
Healthsouth Corp. Sr. Notes 8.50% due 2/1/08	100,000	\$104,250
Hanger Orthopedic Group, Inc. Sr. Notes 10.375% due 2/15/09	100,000	<u>103,750</u>
		<u>208,000</u>
<b><u>Technology and Communications - 6.7%</u></b>		
Nortel Networks Ltd. Notes 6.125% due 2/15/06	100,000	102,250
Mediacom LLC Sr. Notes 8.50% due 4/15/08	100,000	<u>102,500</u>
		<u>204,750</u>
<b>Total Corporate Bonds - (Cost \$1,667,579)</b>		<u>1,710,113</u>
<b><u>Investment Companies - 3.6%</u></b>		
Federated Prime Obligations Fund	108,497	<u>108,497</u>
<b>Total Investment Companies - (Cost \$108,497)</b>		<u>108,497</u>
<b><u>Short-Term Investments - 36.2%</u></b>		
U. S. Treasury Bill 1.81% due 2/3/05	700,000	698,839
U. S. Treasury Bill 2.02% due 2/24/05	400,000	<u>398,806</u>
<b>Total Short-Term Investments - (Cost \$1,097,645)</b>		<u>1,097,645</u>
<b>Total Investments - 96.2% (Cost \$2,873,721) #</b>		<u>2,916,255</u>
<b>Other Assets and Liabilities - 3.8%</b>		<u>117,731</u>
<b>Net Assets - 100.0%</b>		<u>\$3,033,986</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 in accordance with the provisions of Rule 144A under the Securities Act of 1933 as amended.

#Aggregate cost for tax purposes of \$2,873,721.

See page 13 for notes to the financial statements.

**Aegis High Yield Fund**  
**Statement of Assets and Liabilities**  
**December 31, 2004**

*Assets*

Investments at market value (cost \$2,873,721)	\$2,916,255
Cash	90,374
Interest and dividends receivable	<u>29,034</u>
Total assets	<u>3,035,663</u>

*Liabilities*

Accrued expenses	<u>1,677</u>
Total liabilities	<u>1,677</u>

<i>Net assets (299,284 shares of beneficial interest outstanding; unlimited number of shares authorized; no par value)</i>	<u>\$3,033,986</u>
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*Net assets consist of:*

Paid-in capital	\$2,989,418
Accumulated net realized gain	2,034
Net unrealized appreciation	<u>42,534</u>

<i>Net assets</i>	<u>\$3,033,986</u>
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<i>Net asset value per share</i>	<u>\$10.14</u>
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See page 13 for notes to the financial statements.

**Aegis High Yield Fund**  
**Statement of Operations**  
**For the Year Ended December 31, 2004\***

<i>Investment Income</i>	
Interest	<u>\$86,337</u>
Total income	<u>86,337</u>
<i>Expenses</i>	
Investment advisory fees	20,008
Transfer agency and administration fees	5,558
Registration fees	6,050
Custody fees	6,653
Printing and postage costs	1,460
Legal and accounting fees	26,765
Trustees fees	15,763
Insurance and other	<u>2,500</u>
Gross expenses	84,757
Less: fees paid indirectly	(432)
Less: fees reimbursed by investment advisor	<u>(57,648)</u>
Net expenses	<u>26,677</u>
<i>Net investment income</i>	<u>59,660</u>
<i>Realized and unrealized gain on investments</i>	
Net realized gain on investments	2,431
Change in unrealized appreciation of investments for the period	<u>42,534</u>
<i>Net realized and unrealized gain on investments</i>	<u>44,965</u>
<i>Net increase in net assets resulting from operations</i>	<u>\$104,625</u>

\*The Aegis High Yield Fund commenced operations on January 1, 2004.

See page 13 for notes to the financial statements.

**Aegis High Yield Fund**  
**Statement of Changes in Net Assets**  
**For the Year Ended December 31, 2004\***

<i>Increase in net assets from operations</i>	
Investment income - net	\$59,660
Net realized gain on investments	2,431
Change in unrealized appreciation	<u>42,534</u>
Net increase in net assets resulting from operations	<u>104,625</u>
<i>Distributions</i>	
Investment income - net	(60,057)
Total distributions	<u>(60,057)</u>
<i>Capital share transactions*</i>	
Subscriptions	2,829,385
Distributions reinvested	60,057
Redemptions	<u>(24)</u>
Total capital share transactions	<u>2,889,418</u>
Total increase in net assets	2,933,986
<i>Net assets at beginning of year</i>	<u>100,000</u>
<i>Net assets at end of year</i>	<u>\$3,033,986</u>
<i>*Share information</i>	
Subscriptions	283,275
Distributions reinvested	6,011
Redemptions	<u>(2)</u>
Net increase	<u>289,284</u>

\*The Aegis High Yield Fund commenced operations on January 1, 2004.

See page 13 for notes to the financial statements.

**Aegis High Yield Fund**  
**Financial Highlights**  
**For the Year Ended December 31, 2004\***

The table below sets forth financial data for a share of the Fund outstanding throughout the year:

	<b>For the year ended</b> <b><u>December 31, 2004</u></b>
<i>Per share data:</i>	
Net asset value - beginning of year	<u>\$10.00</u>
Income from investment operations-	
Net investment income	0.24
Net realized and unrealized gain on investments	<u>0.14</u>
Total from investment operations	<u>0.38</u>
Less distributions declared to shareholders	
Net investment income	<u>(0.24)</u>
Total distributions	<u>(0.24)</u>
Net asset value - end of year	<u>\$10.14</u>
Total investment return	3.86%
Ratios (to average net assets)/supplemental data:	
Expenses after reimbursement and fees paid indirectly <sup>1</sup>	1.20%
Expenses before reimbursement and fees paid indirectly	3.82%
Net investment income	2.69%
Portfolio turnover	21%
Net assets at end of year (000's)	\$3,034

<sup>1</sup> Ratio after expense reimbursement, before fees paid indirectly, is 1.22%

\*The Aegis High Yield Fund commenced operations on January 1, 2004.

See page 13 for notes to the financial statements.

**Aegis High Yield Fund**  
**Notes to Financial Statements**  
**December 31, 2004**

**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 December 31, 2004, 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**  
**December 31, 2004**

*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 \$432 for the year ended December 31, 2004.

*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**  
**December 31, 2004**

**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 December 31, 2005 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 year ended December 31, 2004, the Advisor reimbursed the Fund \$57,648.

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 December 31, 2004, there was \$57,648 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 \$480 for the year ended December 31, 2004.

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**  
**December 31, 2004**

**4. Investment Transactions**

Purchases and sales of investment securities, excluding accrued interest, were \$1,865,283 and \$199,409, respectively, for the year ended December 31, 2004. 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 year ended December 31, 2004 were as follows:

Distributions paid from ordinary income	<u>\$60,057</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	\$3,033,986

**6. Reclassification of Permanent Differences**

Primarily as a result of differing book/tax treatment of short term capital gains, on December 31, 2004, undistributed net investment income was increased by \$397 and accumulated net realized gain was decreased by \$397. This reclassification had no effect on the net assets of the Fund.

**7. Change of Independent Registered Public Accounting Firm**

On July 28, 2004, Briggs, Bunting & Dougherty, LLP ("BBD") was selected to replace PricewaterhouseCoopers LLP ("PWC") as the Fund's independent registered public accounting firm for the 2004 fiscal year. The Trust's selection of BBD was approved by both the Audit Committee and the Board of Trustees.

From January 1, 2004 (commencement of operations) through the date of the engagement of BBD, there were no disagreements between the Fund and PWC on any matter of accounting principles or practices or financial statement disclosure.

**Report of Independent Registered  
Public Accounting Firm**

**To the Shareholders and Board of Trustees of  
The Aegis High Yield Fund**

We have audited the accompanying statement of assets and liabilities of the Aegis High Yield Fund, including the schedule of portfolio investments, as of December 31, 2004, and the related statement of operations, the statement of changes in net assets and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2004 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Aegis High Yield Fund as of December 31, 2004, the results of its operations, the changes in its net assets and its financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Briggs, Bunting & Dougherty, LLP**

**Philadelphia, Pennsylvania  
January 25, 2005**

**Aegis High Yield Fund**  
**Other Information**  
**December 31, 2004**

**Fund Trustees and Officers**

<b><u>Name, Age and Address</u></b>	<b><u>Position</u></b>	<b><u>Business Experience and Trusteeships During the Past 5 Years</u></b>
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* (33) 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 (58) Ungaretti & Harris 1500 K Street N.W. Suite 250 Washington, DC 20005	Trustee	Attorney with the firm of Ungaretti & Harris since 1996; Director of the Aegis Value Fund, Inc. since 1997; Trustee of the Fund since 2003.
Eskander Matta (34) 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.
Albert P. Lindemann III (42) Faison Enterprises 121 West Trade Street Suite 2550 Charlotte, North Carolina 28202	Trustee	Director, Faison Enterprises, since 2000; Real estate development, Trammell Crow Co., 1995-2000; Director of the Aegis Value Fund, Inc. since 2000; Trustee of the Fund since 2003.

**Aegis High Yield Fund**  
**Other Information**  
**December 31, 2004**

**Fund Trustees and Officers (Continued)**

<b><u>Name, Age and Address</u></b>	<b><u>Position</u></b>	<b><u>Business Experience and Trusteeships During the Past 5 Years</u></b>
<b>Fund Secretary</b> Paul Gambal* (45) 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.

**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, 2004 is available upon request, without charge, by calling 888-345-1898. The Fund's proxy voting policies and procedures and voting record are also available on the Commission's website at <http://www.sec.gov>.

**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**  
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**Internet: [www.aegisfunds.com](http://www.aegisfunds.com)**

**Board of Trustees**

Scott L. Barbee  
William S. Berno  
Edward P. Faberman  
Albert P. Lindemann III  
Eskander Matta

**Officers**

William S. Berno, President  
Scott L. Barbee, Treasurer  
Paul Gambal, Secretary

**Investment Advisor**

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