

**Quarterly Review**  
**June 30, 2006**

**Fund Goal**

The Fund's principal investment goal is to seek long-term capital appreciation.

**Fund Facts**

Symbol: AVALX  
CUSIP: 00761L102  
Net Assets: \$432.6 Million  
Inception: May 15, 1998

The Aegis Value Fund is offered by prospectus only. The investor should consider the Fund's investment objectives, risks, charges, and expenses. The 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 1-800-528-3780 or visit www.aegisvaluefund.com.

The hypothetical investment graph compares a \$10,000 investment in the Fund with a similar investment in the Russell 2000 Value Index. Returns reflect the reinvestment of income dividends and capital gains, if any, as well as fees and expenses.

**INVESTMENT PHILOSOPHY**

The Fund invests primarily in small U.S. companies with shares that can be purchased at low multiples of book value. Book value is an accounting measure that reflects the value of assets minus the value of liabilities held on a company balance sheet. The Fund may hold cash or cash equivalents when securities meeting its investment criteria are not available.

**KEY PORTFOLIO ATTRIBUTES\***

Equity Statistics

Portfolio Price-to-Book	80.6%
Portfolio Price-to-Revenue	28.7%
Weighted Avg. Mkt. Cap.	\$726.5 Mil

**TOP FIVE HOLDINGS**

Security

Security	% Of Portfolio Value
Alliance One International Inc.	7.1%
PMA Capital Corp. Cl. A	6.6%
Dillards Inc. Class A.	4.4%
Imperial Sugar	3.3%
Audiovox Corporation Class A	3.2%

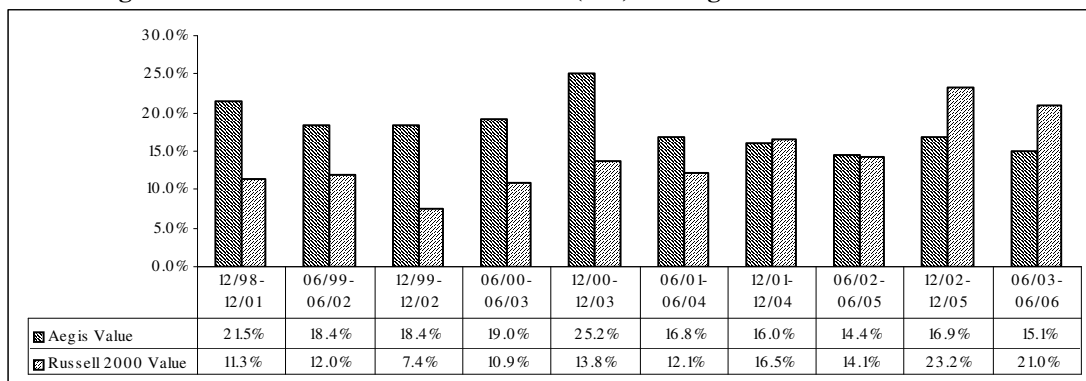
**PERFORMANCE as of June 30, 2006**

Time Period	AVALX	Russel 2000 Value
Second Quarter	1.5%	(2.7%)
Year to Date	7.2%	10.4%
One Year	9.9%	14.6%
Three Year	15.1%	21.0%
Five Year	13.7%	13.1%
Since Inception	14.9%	10.2%

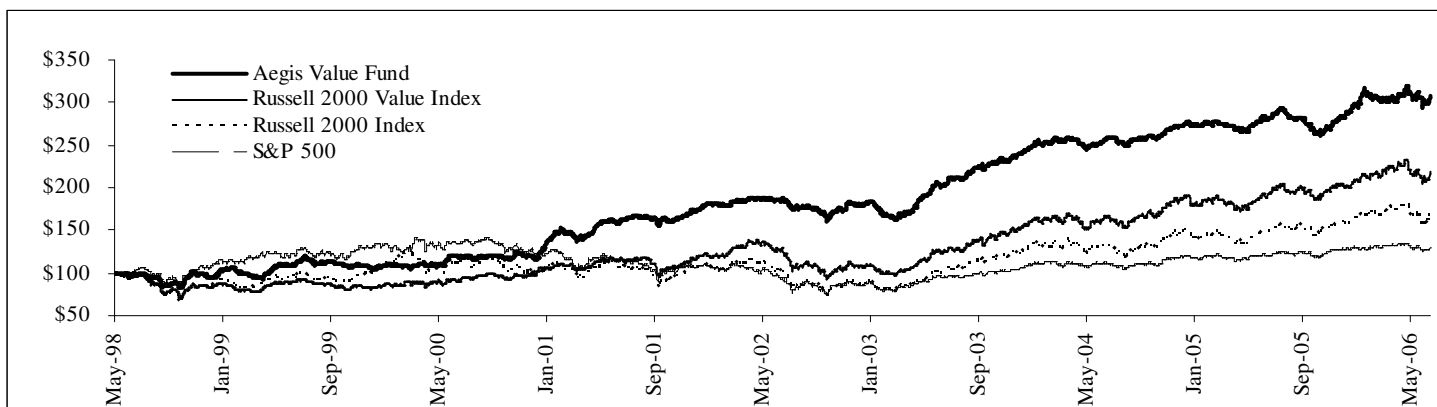
Performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The investment return and principal value will fluctuate so that upon redemption, an investor's shares may be worth more or less than their original cost. For performance data current to the most recent month end, please call us at 800-528-3780 or visit www.aegisvaluefund.com. The Fund has an annualized expense ratio of 1.41%.

\* Portfolio Attribute statistics do not include the following four holdings due to their insignificant market values: Acceptance Insurance Companies, Integrated Telecom Express Inc., Liquid Audio, and MIIX Group.

**Aegis Value Fund-Historical Performance (Net) Rolling Three Year Ann. Returns**



**HISTORICAL INVESTMENT RETURN in the Aegis Value Fund and common benchmark indices**



## TOP FIVE HOLDINGS

### 1. Alliance One International Inc. (7.1%) - Price-to-Book = 1.8

One of only two global independent leaf tobacco merchants. Selects, purchases, processes, stores, packs and ships tobacco grown in more than 45 countries, serving manufacturers of cigarettes and other consumer tobacco products in more than 90 countries around the world. Recent results affected by appreciation of the Brazilian currency among other factors. Substantial rationalization and cost-cutting is underway.

### 2. PMA Capital Corp. Class A (6.6%) - Price-to-Book = 0.8

Property and casualty insurer primarily offering workers' compensation in the eastern United States. Run-off operations includes prior reinsurance and excess and surplus lines business. Management is seeking improved returns on capital in its primary insurance operations and successful wind-down of run-off operations.

### 3. Dillard's Inc. Class A (4.4%) - Price-to-Book = 1.1

Operates retail department stores primarily in the southwest, southeast, and Midwest regions of the United States. Ranks among the nation's largest fashion apparel and home furnishings retailers with annual revenues exceeding \$7.7 billion. The company owns substantial real estate in its store base.

### 4. Imperial Sugar Co. (3.3%) - Price-to-Book = 1.8

One of the largest processors and marketers of refined sugar in the United States. Refines, packages, and distributes granulated, powdered, liquid, and brown sugars at two facilities located in Georgia and Louisiana. Markets its products in various packaging options under various brand names, which include Dixie Crystals, Holly, and Imperial. Recent results have benefited from an increased spread between raw sugar and refined sugar prices in the United States.

### 5. Audiovox Corp. Class A (3.2%) - Price-to-Book = 0.8

A leading international distributor in the mobile and consumer electronics industries. Markets products under brand names including Audiovox, Jensen, Pursuit, Code-Alarm, Car Link, Movies 2 Go, Magnate, Mac Audio, Heco, Acoustic Research, Advent, and Phase Linear as well as private labels. The company sold its low margin cell-phones business and seeks to replace the revenue stream with higher margin electronic products.

*The information comprised on this Quarterly Review is not, nor is it held out to be, a solicitation of any person to take any form of investment decision. The information does not constitute advice or a recommendation by Aegis Financial Corporation and should not be relied upon in making (or refraining from making) any decision relating to investments or any other matter. You should consult your own independent financial adviser and obtain professional advice before exercising any investment decisions or choices based on information featured in this Quarterly Review.*

## PORTFOLIO COMPOSITION

<u>Security Type</u>	<u>% Of Portfolio Value</u>
Domestic Common Stock	66.2%
Foreign Stocks Lised on U.S. Exchange	12.2%
Foreign Stocks Lised on Foreign Exchange	1.2%
Warrants	0.0%
Preferred Stock	0.1%
Cash and U.S. Treasuries	20.3%
	<u>100.0%</u>

## VALUATION—PRICE-TO-BOOK

<u>Price to Book Value</u>	<u>% Of Equity Portfolio Value</u>
0% To 50%	8.1%
50% To 100%	37.2%
100% To 150%	32.4%
Greater Than 150%	22.3%
Total	<u>100.0%</u>

## MARKET CAPITALIZATION

<u>Market Cap.</u>	<u>% Of Equity Portfolio Value</u>
\$0 To \$50	1.8%
\$50 To \$100	7.4%
\$100 To \$500	66.9%
\$500 To \$1,000	4.4%
\$1000 To \$1,500	6.1%
Greater than \$1,500	13.4%
Total	<u>100.0%</u>

## SECTOR BREAKDOWN

<u>Sectors</u>	<u>% Of Equity Portfolio Value</u>
Consumer Discretionary	24.8%
Consumer Staples	11.7%
Energy	1.5%
Financials	18.1%
Health Care	0.1%
Industrials	11.6%
Information Technology	2.2%
Materials	8.1%
Telecommunication Services	0.3%
Utilities	1.9%
U.S. Treasury Bills	17.4%
Warrants	0.1%
Preferred Stock	0.0%
Investment Companies	2.2%
Total	<u>100.0%</u>