

**Quarterly Review
December 31, 2008**

Fund Goal

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

Fund Facts

Symbol: AVALX
CUSIP: 00761L102
Net Assets: \$85.2 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 "Results of a \$10,000 Investment" graph compares 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 shares of small U.S. companies purchased at low multiples of book value, an accounting measure that reflects the value of assets minus the value of liabilities held on a company's 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	29.7%
Portfolio Price-to-Revenue	13.2%
Weighted Avg. Mkt. Cap	309.3 Mil

PERFORMANCE as of 12/31/2008

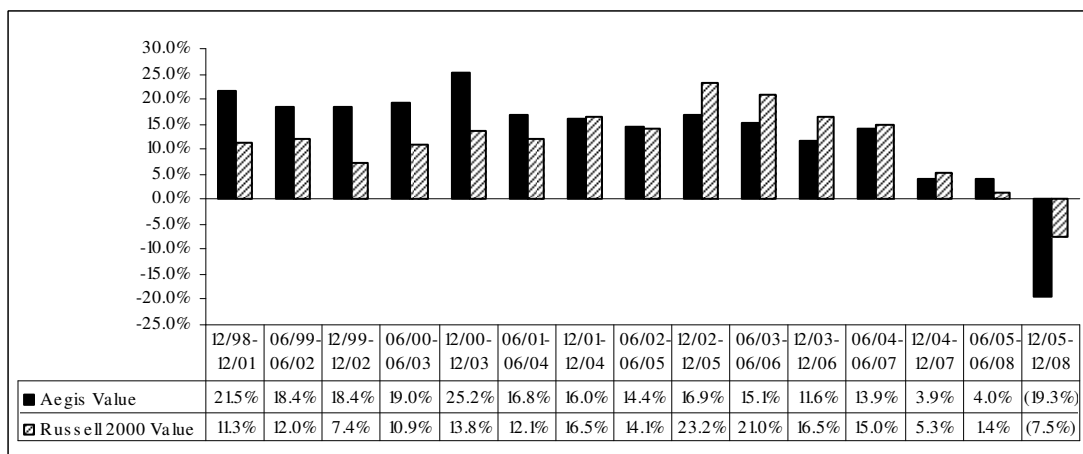
Time Period	AVALX	Russell 2000 Value
Fourth Quarter	(47.9%)	(24.9%)
One Year	(51.4%)	(28.9%)
Three Year	(19.3%)	(7.5%)
Five Year	(9.1%)	0.3%
Ten Year	4.3%	6.1%
Since Inception (05/15/98)	4.0%	4.4%

TOP FIVE HOLDINGS

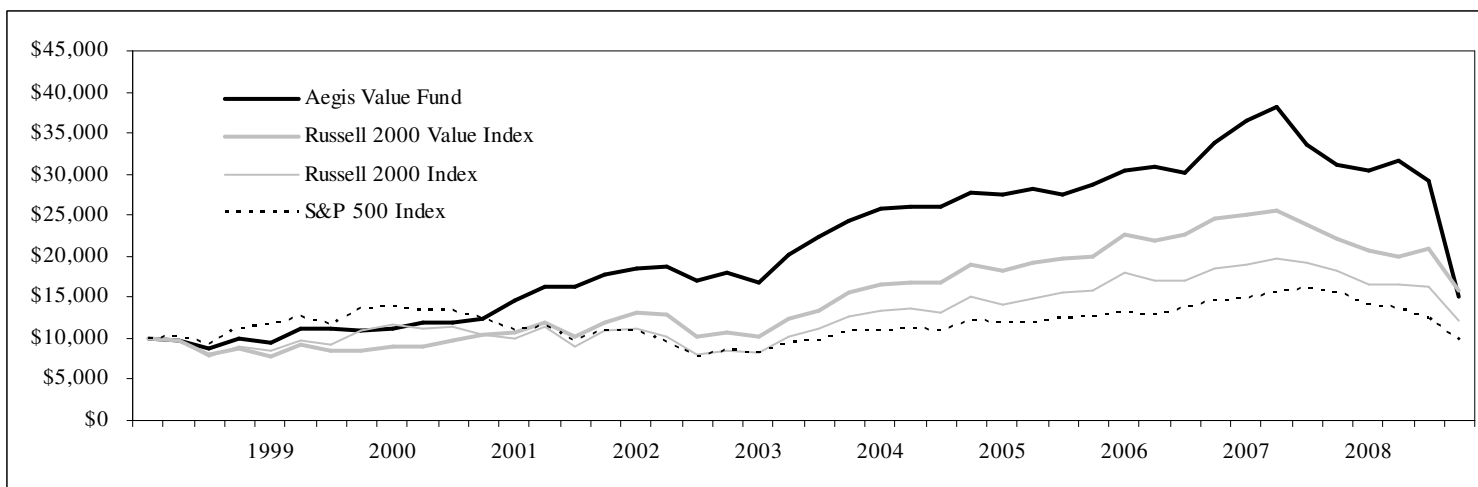
	% Of Portfolio Value
Security	
Horsehead Holdings Corp.	8.3%
PMA Capital Corp. Cl. A	6.3%
Allied Defense Group, Inc.	5.7%
American Pacific Corp.	5.1%
Tecumseh Products. Cl. B	4.4%

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 1.43%.

Rolling Three-Year Annualized Returns, Net of Fees



RESULTS OF A \$10,000 INVESTMENT in the Aegis Value Fund and common benchmark indices



TOP FIVE HOLDINGS: December 31, 2008

1. Horsehead Holding Corp. (8.3%) - Price-to-Book = 0.6

This U.S. based zinc recycler produces zinc, which is used to galvanize steel as well as make tires, chemicals and paints. The company has a strong balance sheet, a leading market position, and a promising cost cutting program. The stock has fallen out of favor as zinc prices have moderated.

2. PMA Capital Corp. Class A (6.3%) - Price-to-Book = 0.6

This property and casualty insurer offers workers' compensation, primarily in the eastern United States. Management is seeking improved returns on capital in its primary insurance operations following a successful wind-down of run-off operations.

3. Allied Defense Group, Inc. (5.7%) - Price-to-Book = 1.4

This multinational provider of defense systems and ammunition recently sold a subsidiary, alleviating liquidity concerns. Reduced interest costs are expected to boost future earnings. In addition, operating earnings have been improving due to the ramp-up of deliveries from a historically high order backlog.

4. American Pacific Corp. (5.1%) - Price-to-Book = 0.7

Produces specialty and fine chemicals used in aerospace and pharmaceutical applications. The company is the exclusive North American producer of Grade I ammonium perchlorate, used in solid rocket fuel. The company also produces ingredients used in anti-viral, oncology, and central nervous system pharmaceuticals. Chemicals are generally sold through long-term contracts under which the company is a sole source or limited source supplier.

5. Tecumseh Products Company Class B. (4.4%) - Price-to-Book = 0.3

This global manufacturer produces refrigeration and air conditioning compressors for applications worldwide. Recent results have been impacted by high copper prices, a strong Brazilian currency, and intense foreign competition. Management has cut costs and sold non-core businesses. Additional operational improvements are ongoing.

The information contained in 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. The Aegis Value Fund is offered by prospectus only. Investors are advised to consider the Fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other information about the Aegis Value Fund. For a prospectus and more complete information, including charges and expenses, please call 800-528-3780 or visit our website at www.aegisfunds.com. The prospectus should be read carefully before investing.

PORTFOLIO COMPOSITION

<u>Security Type</u>	<u>% Of Portfolio Value</u>
Domestic Common Stock	96.7%
Foreign Stocks Listed on U.S. Exchange	0.2%
Foreign Stocks Listed on Foreign Exchange	2.4%
Cash	0.6%
	<u>100.0%</u>

VALUATION—PRICE-TO-BOOK

<u>Book Value</u>	<u>% Of Equity Portfolio Value</u>
0% To 50%	51.9%
50% To 100%	42.1%
100% To 150%	6.1%
Greater Than 150%	0.0%
Total	<u>100.0%</u>

MARKET CAPITALIZATION

<u>Market Cap.</u>	<u>% Of Equity Portfolio Value</u>
\$0 To \$50	26.2%
\$50 To \$100	17.4%
\$100 To \$500	44.0%
\$500 To \$1000	4.5%
\$1000 To \$1,500	0.0%
Greater Than \$1,500	8.0%
Total	<u>100.0%</u>

SECTOR BREAKDOWN

<u>Sector</u>	<u>% of Equity Portfolio Value</u>
Financials	28.6%
Consumer Discretionary	26.7%
Industrials	19.8%
Materials	15.1%
Energy	8.3%
Information Technology	1.4%
Telecommunication Services	0.0%
Consumer Staples	0.0%
Total	<u>100.0%</u>