

Semi-Annual Advisor's Report  
February 28, 2005

## Aegis Value Fund

*The Aegis Value Fund seeks to achieve long-term, above market returns while minimizing risk of capital loss. Our strategy is to invest in well-researched, small-cap equities trading at a fraction of their intrinsic worth. We believe the equity markets are often inefficient, and we are contrarian, bottom-up stock selectors. We generally buy stocks trading at low price-to-book and price-to-earnings ratios, a segment of the market where academic research shows historical returns to be significantly higher than the overall market. We look for indications of strong corporate governance and ethical stewardship as evidenced by high insider ownership, proper use of corporate profits including bargain-priced share repurchases, and appropriate executive salary and options levels. We tend to purchase companies when they are misunderstood, out of favor, or neglected, and hold these companies until share prices reach our estimates of intrinsic value.*

April 15, 2005

To the shareholders of the Aegis Value Fund:

We are pleased to present the Aegis Value Fund Advisor's Report for the six months ending February 28, 2005.

Since inception of the Aegis Value Fund on May 15, 1998, relative performance against the benchmarks has been strong. The Fund posted a cumulative gain of 168.4 percent through April 15, 2005, compared to a cumulative gain of 73.1 percent in our primary benchmark, the Russell 2000 Value Index. During this period, the Russell 2000 Index of small-cap stocks posted a return of 34.4 percent, and the well-known S&P 500 Index of large-caps gained 14.3 percent.\*

For the six-month period ended February 28, 2005, the Aegis Value Fund posted a gain of 7.9 percent, versus a gain of 15.4 percent for the Russell 2000 Value Index. The Russell 2000 Index returned 16.4 percent, while the S&P 500 Index returned 10.0 percent. While our absolute returns have been reasonable, the shortfall we have experienced when compared against the benchmarks during this period was driven by the dampening impact of high cash levels in the Fund. As stocks in the market rose strongly, we continued to find an unusually low number of investment opportunities available in the market at attractive valuation levels.

When good values are not available, we feel our role as fiduciaries is to hold cash rather than remain fully invested in overvalued securities. We stay true to our investment discipline regardless of the gains temporarily available when holding more speculative securities over the short-run. Before committing investment capital, we must perceive the rewards of an investment to outweigh the potential risks. We invest with a keen focus on capital preservation. At times, our conservative posture does not always win the quarterly footrace, but we strongly believe our approach optimizes chances for outperformance over the long-term.

We have noted earlier of an investor's need for tolerance of short-term underperformance against the indices, as it can often be a prerequisite for achieving long-term investment success. A recent study, published earlier this year by the Brandes Institute entitled "Death, Taxes, and Short Term Underperformance" backs this view. In the study, the performance of 531 large-cap funds was tracked over a ten-year period ended December 31, 2004. All 53 funds ranking in the top performance decile over this period posted an annual return of at least 13.4 percent, surpassing the 12.2 percent annualized return of the S&P 500 Index over the same decade. Yet, all 53 top-performing funds, without exception, underperformed the index during shorter periods within the decade. As Figure 1 shows, these funds trailed the S&P 500 by an average of 20.3 percent in their worst 1-year period and an average of 11.0 percent in their worst 3-year period.

All the funds experienced a 3-month period over the 10 years that ranked in the lowest 2 deciles when compared against their peers, and nearly half (25 of 53) experienced a period where 3-year returns ranked them in the lowest 2 deciles. This new research supports previous historical studies, some of which were cited in our August 31, 2001 annual report, showing that many of history's most successful investors over the long-term underperformed their benchmarks during 30 to 40 percent of all years studied. With this historical data in mind, we encourage our investors to keep a long-term focus when evaluating investment performance.

**Figure 1: Performance Characteristics of Top-Rated Funds**

**Top 53 Funds: Outperformance vs. S&P 500 1994-2004 Annualized**

	<b><u>In worst 1-year period</u></b>	<b><u>In worst 3-year period</u></b>
Range of Top 53 Funds	(6.8%) to (37.9%)	(2.1%) to (31.8%)
Average of Top 53 Funds	(20.3%)	(11.0%)

**Top 53 Funds: Appearances in Lower Deciles**

	<b>Of top funds, # with at least one appearance at or below:</b>				
	<b><u>Decile 6</u></b>	<b><u>Decile 7</u></b>	<b><u>Decile 8</u></b>	<b><u>Decile 9</u></b>	<b><u>Decile 10</u></b>
Based on quarterly performance	53	53	53	53	48
Based on 1-year performance	53	53	52	47	36
Based on 3-year performance	49	43	37	25	15

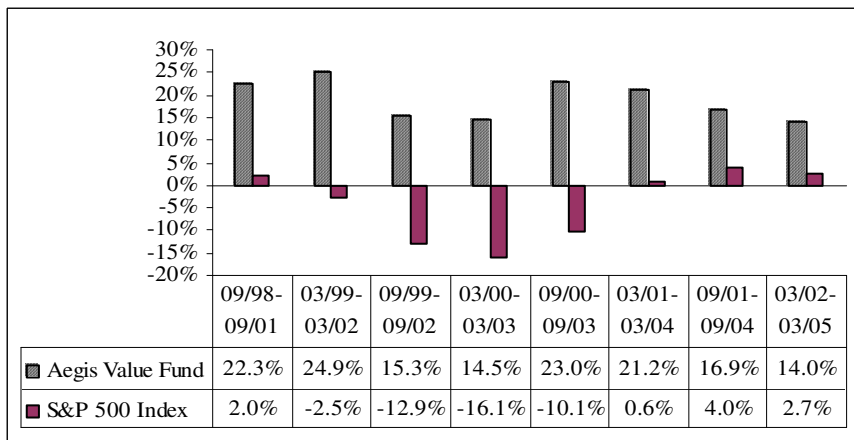
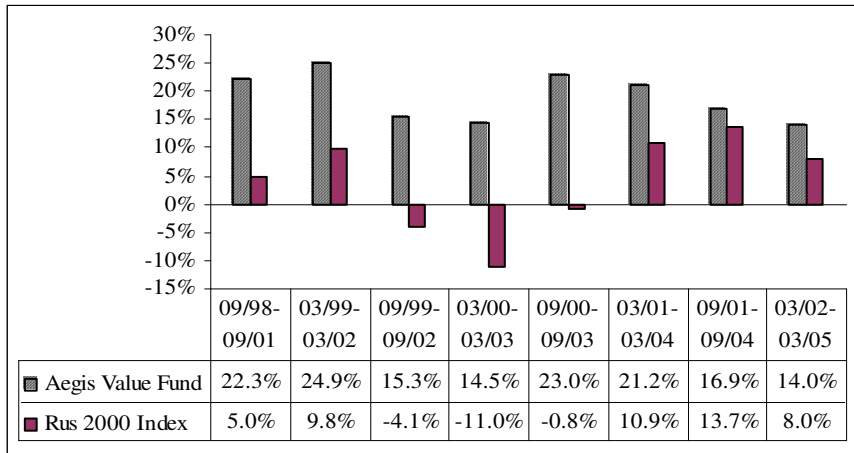
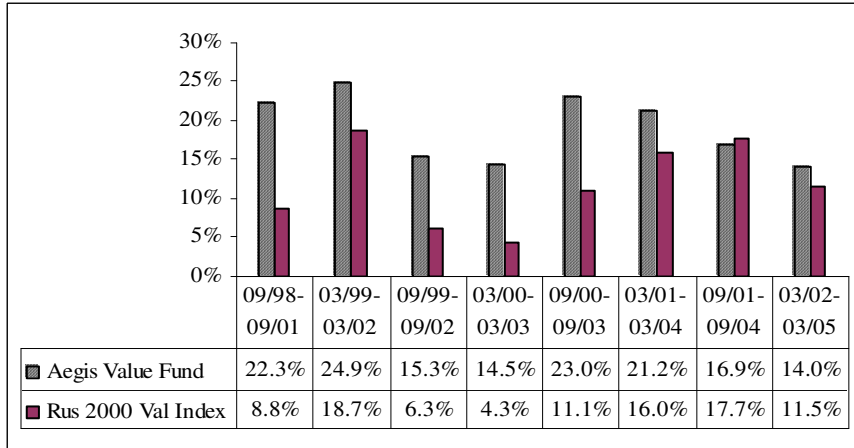
*Source: Morningstar, The Brandes Institute; as of 12/31/04*

Historically, the Aegis Value Fund has often underperformed the indices when the markets were on the rise, and has generally outperformed the indices by a significant margin during periods of market decline. Our goal remains to exceed our benchmarks and deliver strong positive returns over periods of three or more years, a time usually sufficient to encompass a variety of market conditions. Figure 2 shows the trailing 3-year annualized performance of the Aegis Value Fund compared to the common benchmark indices during rolling semi-annual periods since inception of the Fund. While future results cannot be predicted, we have been pleased that the Fund has delivered strong investment gains while maintaining what we believe to be a superior downside risk profile when compared historically against the indices.

**The Investment Environment**

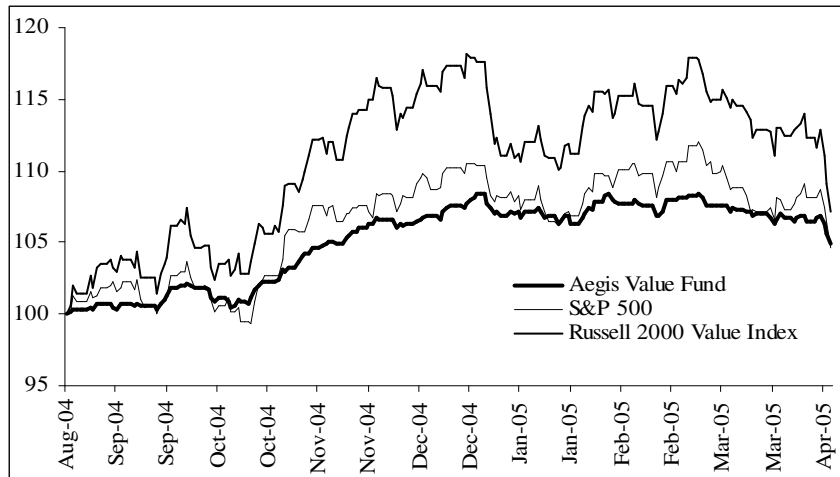
When we last reported to you in October, the small-cap value segment of the equities market was experiencing a period of price bloating as stocks struggled to digest the \$36 billion of new investor capital flowing into small-cap value stocks over the previous 3 ½ years. Digesting these inflows was no small task,

**Figure 2: Aegis Value Fund Rolling 3-Year Performance Record**

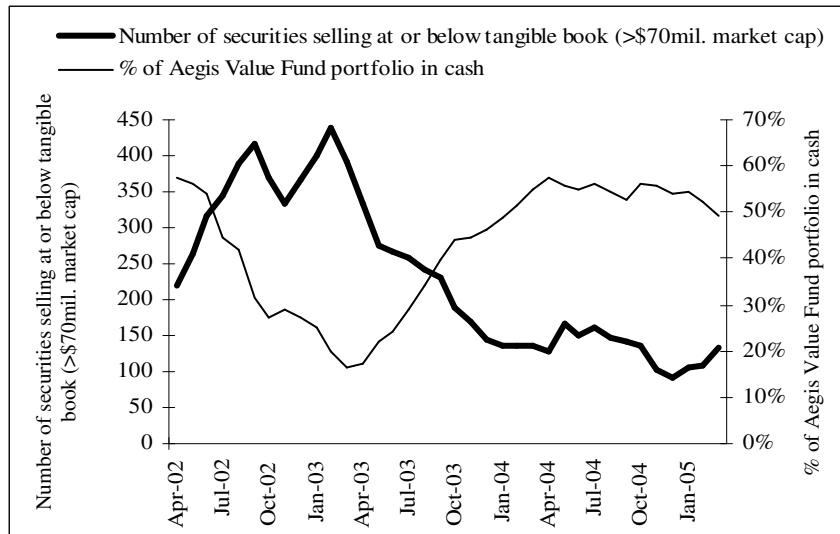


given that Lipper put the total size of the small-value mutual fund universe in June of 2004 at only \$56 billion. Reasons for the hefty investor interest in small-cap value stocks were easy to understand. In the five years since the S&P 500 Index peaked on March 23, 2000, the Index of large caps declined 17.0 percent. In comparison, small-cap value stocks posted a remarkable 101.2 percent gain over the same period. Disappointed with poor returns in large caps and frustrated by low interest rates on fixed income investments, investors poured money into small-cap value stocks.

**Figure 3: Aegis Value Fund, S&P 500 and Russell 2000 Value Index**



**Figure 4: Number of Securities Selling at or Below Tangible Book And Percent of Cash in Aegis Value Fund**



Source: Aegis Value Fund and Stock Investor Pro Stock Screener

Following the November election, the markets experienced a strong year-end rally. As stock prices accelerated in late 2004 (see Figures 3 and 4), our primary watchlist of companies with market capitalizations of more than \$70 million selling at a discount to tangible book value continued to dwindle. Our cash levels grew to near record highs as we struggled to find worthwhile investments. Given the limited opportunities, we chose to close our Fund to new investors in late November.

The start of 2005 saw stocks give back a portion of their gains made in late 2004. Declines accelerated in the first half of April. In recent months, we have concluded that the surge of investor capital into small-cap value equities may have crested. As can be seen in Figure 3, since year-end, the S&P 500 Index of large-caps has recently outperformed small-cap value Russell 2000 Value Index, removing some of the impetus on performance chasing investors to move additional money from large-caps into small-cap value stocks. Furthermore, recent increases in interest rates are improving the returns on cash and short-term, high-quality bonds, an asset class that also competes with small-cap value stocks for investor capital.

As a result, for the first time in over two years, we are seeing a steady increase in the number of stocks on our watchlist. While the Fund still holds a significant amount of cash, it is clear from Figure 4 that the Fund's cash levels rapidly decline when the number of opportunities for investment grows. Since our approach to managing money is a bottoms-up, stock-by-stock, research-intensive approach, the number of watchlist companies trading at a discount to book value and representing opportunity for possible purchase is more meaningful for us than overall market valuation levels when assessing the investment environment.

#### Our position on the market

The percentage of "cheap" stocks available in the market for purchase today continues to be abnormally low relative to pre-2004 experience. We believe a return to a more typical number of stocks trading at acceptable valuations is likely to occur in the future, giving us sufficient opportunity to deploy the Fund's assets properly. We believe we will see better opportunities in the future because today's market stands confronted with an assortment of economic challenges: surges in commodities and energy prices, rapidly escalating home values, increasing leverage, inflationary pressures, Federal Reserve interest rate hikes, international capital flow imbalances, terrorism risk, and an increasingly difficult regulatory environment. We believe today's market is strongly susceptible to the impact of unpredictable market shocks that are highly likely to lead to a subsequent, significant increase in the number of investment candidates available to us at acceptable valuations in the future.

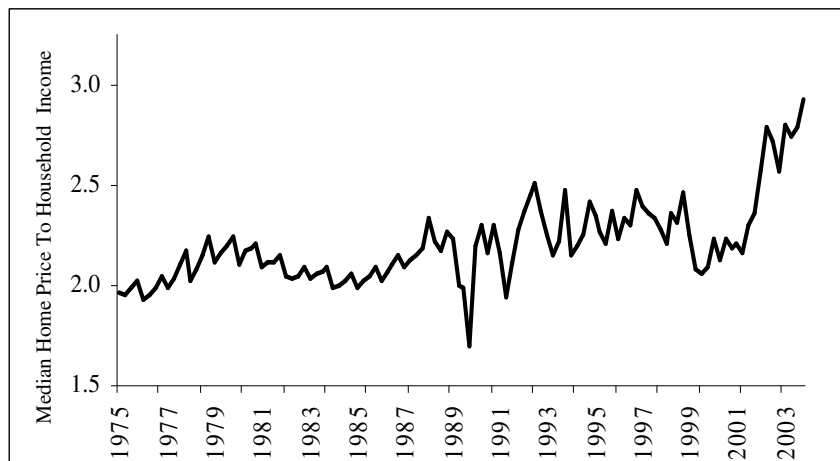
Perhaps foremost on our list of market shocks, we believe there is a growing probability that emerging inflation will increasingly impact the market, a hang-

over effect following the aggressive lowering by the Federal Reserve of federal funds rate from 6.50 percent to a low of 1.00 percent in 2003 as a response to the burst of the technology/media/telecom bubble. Given the surge in commodities prices over the last year, the impact of which tends to work through to finished goods price increases over time, we believe 2005 may be a year in which we all will feel increasingly the effects of inflation.

The low federal funds rate has been a key driver behind the dramatic increase in the pricing levels of assets of all kinds, as buyers with easy financing were able to pay increasingly higher prices. As we've mentioned before, the most notable impact of low interest rates has been the dramatic increase in home values. Since the start of 2000, net household wealth has increased \$5.02 trillion to \$48.53 trillion today. Of this increase, 70 percent was derived from the increase in owner's equity in property. In the last year alone, the value of real estate on household balance sheets rose by 12.5 percent. Many regions of the country have experienced much stronger gains in housing values. California, Hawaii, Nevada, and Washington D.C. have all seen increases in home values in excess of 20 percent in 2004, led by Nevada, with a 32 percent increase.

Housing valuations are looking increasingly stretched. Nationwide, the ratio of average yearly rents to home prices has been steadily falling, from 5 percent nationwide in the 1990s to 3.5 percent last year. Rental yields in the hotter markets are now even lower. The situation is reminiscent of the skyrocketing price-to-earnings multiples of technology/media/telecom stocks in the late 1990s. Home prices nationwide have also been increasing significantly in excess of the growth in annual wages, leading to a sizeable increase in the ratio of median home prices to annual household income as can be seen in Figure 5. In California, the median price of a home now stands at approximately 8 times annual family income.

**Figure 5: Median Asking Home Prices to Household Income Nationwide**



Source: U.S. Census Bureau, Office of Federal Housing Enterprise Oversight

Evidence of speculation in the housing markets is clearly visible. The National Association of Realtors recently reported that 36 percent of home sales in 2004 were second homes, with 64 percent of second-home buyers reporting their purchase primarily as an investment, up from 20 percent as recently as 1999. A survey conducted by Yale University found that many in the country's strongest real-estate markets may have purchased homes with unrealistically high expectations. In Los Angeles, homeowners expected their properties to appreciate by 22.5 percent per year over the next decade. Even in Milwaukee, not the quintessential hot real-estate market, homeowners expected 13.4 percent gains over the next 10 years.

Economic imbalances have accompanied the recent boom in home values. Increasingly, buyers are resorting to using adjustable-rate mortgages (ARMs), available at lower rates than fixed-rate mortgages, to get into high-priced homes. The Mortgage Bankers Association reported that nearly half of home loans were adjustable-rate last year, up from 20-30 percent between 2000 and 2002. Home buyers using ARMs are susceptible to increasing financial strain should interest rates continue to increase, as these buyers could potentially face increasing mortgage interest payments in the wake of stagnant or declining home values and possible economic deterioration.

Americans, pleased with their rapid increase in housing equity wealth, have decreased their savings rates to approximately 1 percent annually, down from 3.80 percent in the 1990s, spending the incremental dollars on consumption. Homeowners, more in debt than ever, are increasingly tapping the growing equity in their homes, doing cash-out mortgage refinancing and taking on second mortgages to support their consumption. In 2004, nearly \$223 billion of cash was withdrawn from home equity, which accounted for almost 40 percent of the annual increase in aggregate consumer spending. Should the increase in home values stagnate, or worse decline, investors may be forced to cut current consumption and increase savings, which could have a significant chilling impact on the US economy, which overall is consuming and investing 6 percent more than it produces.

Despite the fact that the Federal Reserve has now raised the federal funds rate from a low of 1.00 percent in 2003 to its current level of 2.75 percent, the Fed may have much further to go to adequately address inflationary pressures. In 2004, the Consumer Price Index (CPI) and the Personal Consumption Deflator (PCE), typical measures of inflation, were up 3.3 percent and 2.6 percent respectively. The year delivered a marked increase from the 2003 growth rates of 1.9 percent and 1.6 percent respectively. After seven rate increases, the federal funds rate remains beneath the current rate of reported inflation. Real interest rates remain negative. The last times an environment of negative short-term real interest rates persisted, in March of 1971 and in July of 1980, inflation soared, requiring aggressive Fed action. So far in 2005, inflation has shown few signs of a cool down. Up until now, the Fed has felt that it has had the luxury of moving rates higher in a gradual and well-telegraphed way. In the future, inflationary pressures may force the Fed to act more aggressively,

even in the face of slowing economic growth, significantly impacting firms and consumers with high variable-rate debt loads.

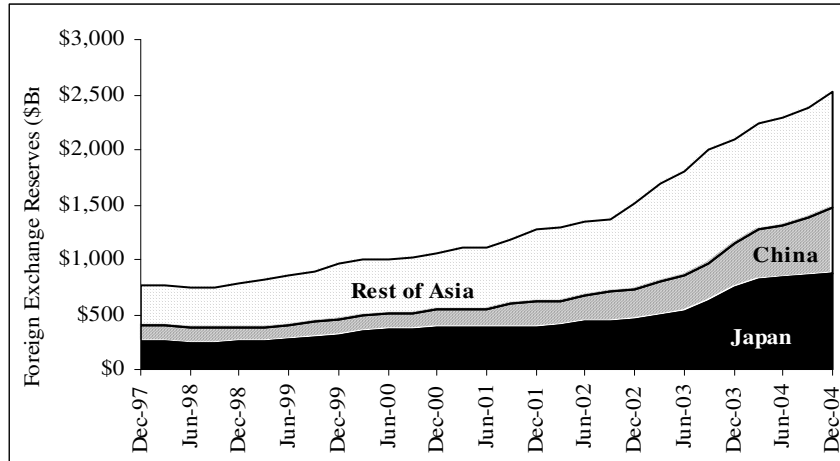
We've also noted in the past that the statistical measures of inflation used by the government might be systematically understating the true level of inflation, increasing the possibility of a misstep by the Federal Reserve. The CPI and PCE growth rates are now adjusted by the government for "quality improvements" and "substitution effects" that are generally subjective and vulnerable to government tinkering. We also note that health care costs account for nearly 13 percent of the GDP, but account for only a 6 percent weighting in the CPI. Medical health care inflation in recent months has been growing at an annual rate of 6 percent and as a result, the under-representation of healthcare costs in the CPI may result in the CPI further understating the true inflation rate in the economy.

The Fed's ability to effect domestic economic policy is increasingly complicated by the global financial system. Historically, when the economy was less global, the increased level of household and government borrowing made to finance consumption and deficit spending would have led more predictably to higher interest rates as competition for the pool of available domestic capital would intensify. The higher rates would have stimulated stronger domestic savings and reduced domestic consumption.

But in today's global economy, capital now flows more freely across international borders. As the world economy has become more financially integrated, private investment capital from abroad has historically been attracted into the United States, known as a bastion of free-markets, democracy, well-established property rights and clear rule-of-law. Recently, however, the flow of private capital from abroad has not kept up with domestic demand. Typically, this deficit of foreign investor interest in the US would also lead to gradually increased domestic interest rates, spurring higher domestic savings, and reduced consumer spending. Additionally, a measured depreciation of the dollar against foreign currencies would occur in order to encourage foreign investors to convert their foreign currency into dollars in order to make dollar denominated investments. An effect of the lower dollar would also be to gradually strengthen the domestic manufacturing and production base, which would be more competitive internationally.

However, Asian central banks, anxious to forestall the impact of a declining dollar on their own export-dependent manufacturing sectors, have stepped into the breach in recent years, either printing local currency or selling debt denominated in their local currency, and using the proceeds to buy dollars and Treasury bonds, suppressing an appreciation of their own currencies against the dollar. As a result of this buying, Asian central banks now hold more than \$2.5 trillion in foreign reserves, primarily in dollar denominated Treasuries. Japan and China alone account for nearly \$1.5 trillion of the total, amounting to approximately \$1,000 for every man, woman and child in these two countries. As Figure 6 shows, foreign exchange reserves held by foreign central

**Figure 6: Foreign Exchange Reserves Held by Foreign Central Banks**



Source: World Bank; IMF

banks have increased dramatically over the past several years, and are up 23 percent in little more than a year.

The impact of these non-market-oriented, foreign central bank dollar purchases has resulted in a substantially propped-up dollar. The resulting non-market exchange rate with its overvalued dollar has caused a surge of cheap imports into the United States, dampening domestic inflationary pressures and putting an intense competitive strangle-hold on domestic manufacturing. As foreign central banks have purchased ever growing amounts of US government bonds, domestic Treasury yields have been driven to rock-bottom levels, lowering overall borrowing costs and essentially subsidizing US borrow-and-spend consumers and the deficit spending of the US government.

In our view, the greatest loser in this non-market foreign central bank behavior is the populace of China, Japan, and the other Asian countries. Enormous wealth in these countries has been forcibly committed by the Asian governments to financing dollar-based investment at interest rates allowing very little, if any, real return.

Should the Asian central banks substantially ease their purchase of US Treasuries, the dollar will experience a hefty decline against the Asian currencies, not only creating losses on the dollar holdings of the foreign central banks but also significantly impacting the export-oriented economies of these Asian countries, which would need to be retooled to better meet domestic consumption.

The US economy, while structurally more resilient, would also experience a shock under this scenario. With a weaker dollar, prices of foreign goods would climb, resulting in a marked increase in inflationary pressures. US interest rates would also have to rise to attract private investors who are driven chiefly

by a profit motive, rather than central bank “investors” driven by exchange rate policy. The indebted US consumer would find increasing borrowing costs pinching their budgets, suppressing domestic consumption, perhaps enough to cause a serious recession. On a positive note, a weaker dollar might finally provide a better business environment for the beleaguered domestic manufacturers.

We don't know whether the foreign central bank interventions will end with a “soft-landing” or a “hard-crash.” Perhaps we will be able to attract more private capital, reduce consumption and muddle through. We do know that the global situation is a serious enough matter that Paul Volcker, former chairman of the Federal Reserve widely credited with defeating inflation in the 1980s, has been concerned enough about this phenomenon to remark recently: “Under the placid surface, there are disturbing trends: huge imbalances, disequilibria, risks — call them what you will. Altogether the circumstances seem to me as dangerous and intractable as any I can remember, and I can remember quite a lot. What really concerns me is that there seems to be so little willingness or capacity to do much about it... We are skating on increasingly thin ice.” We also note that investing legend Warren Buffet has felt sure enough about the risk of a dollar devaluation to hold foreign exchange contracts on \$21.4 billion in 12 foreign currencies at year-end. Clearly if a dollar devaluation does occur, and the world economy experiences a global recession of some kind, we are likely to see the emergence of a multitude of additional investment candidates.

#### View From the Trenches

As we wait for good values to re-emerge in the market, we continue to work in the interim to find and exploit the pockets of undervaluation that exist today. It remains a challenge to find investments for the Fund that meet our criteria and we often find ourselves discarding prospects as being yet too expensive after spending considerable time and effort in their evaluation.

Despite the challenges, we managed to purchase \$55.8 million of stock at prices judged to be of good value during the six months ending February 28, 2005. Some of the new additions to the Fund over the last six months include:

**Royal Group Technologies (ticker: RYG):** This \$930 million market cap Canadian company is a vertically integrated manufacturer of PVC-based home improvement and construction products with manufacturing operations in the United States and in Canada. We purchased the stock at a significant discount to book value and at low multiples of trailing cash flow when the company was suffering from the fallout of investigations of insider dealing between the company and its founder and former Chairman Vic De Zin. The well-known investigative firm Kroll was called in by the company's independent directors to research the allegations. We were pleased with the recent agreement by Vic De Zin to resign from the board, repay \$8.2 million in bonuses and gains from a sale of personal land made to the company and convert his multiple voting shares into common shares. While we remain anxious about the near-term negative economic effects on the company resulting from the decline of the US dollar relative

to the Canadian dollar and increased energy costs, which are both negatively impacting current margins, we remain optimistic that this low-priced investment will provide good downside protection and good appreciation potential. The current backdrop of aging US homes bodes well for its materials, which are often used in renovation work.

**Dominion Homes (ticker: DHOM):** This \$130 million market cap company buys land and builds entry-level homes in the central Ohio and Kentucky (Louisville) areas - key states that have been hurt by the decline in the manufacturing base. Shares have traded down to approximately 65 percent of book value, as home sales in the region have experienced a significant slowdown and the company has worked to downsize its operations. The company currently sits on a relatively large \$416 million inventory position of developed and undeveloped land, and unsold homes financed, in part, with \$200 million in debt. We believe it is likely that the company will rapidly work down its debt position over the next several quarters as it sells homes and brings its inventory position back into line, alleviating interest expense charges. While the market views the company as a struggling homebuilder during a period when most homebuilders are shining, we see the company as holding an inventory position of less speculatively purchased land in middle-America available to investors as an inflation hedge at a significant discount to its intrinsic value.

In addition to these and other new stock purchases, we also added significantly to certain existing holdings.

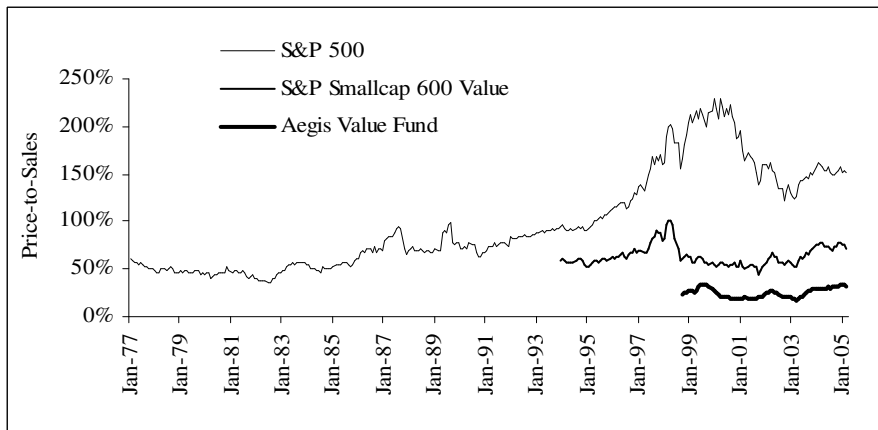
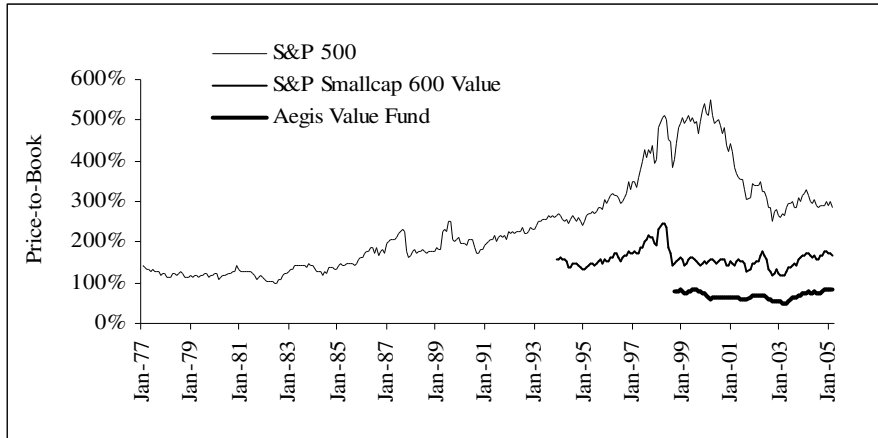
We made \$54.3 million of securities sales in the Fund portfolio, realizing gains of \$23.4 million. The largest sale by far was \$23.6 million of Prime Hospitality shares, which were acquired by Blackstone Group when they bought out the company at a 42 percent premium. We realized a gain of approximately \$6.2 million on the investment. We also sold \$6.7 million of Atwood Oceanics, an offshore drilling company, realizing a gain of \$3.1 million as we lowered our exposure to a potential decline in investor excitement over high energy prices.

The Fund's cash has also been increased by \$33.6 million of net inflows in the six months ending February 28, 2005. However, since closing the Fund at the end of November, we have been experiencing fairly consistent net outflows as we meet redemptions of existing investors. The trend of outflows has increased as the markets recently softened in April. Cash levels today stand at 47.6 percent of Fund assets.

Despite the amount of cash we have yet to put to work in the Fund, we will not relax our investment discipline, regardless of how tempting speculation can be as a means of keeping up with competitors in the short-term. We are running our own race here.

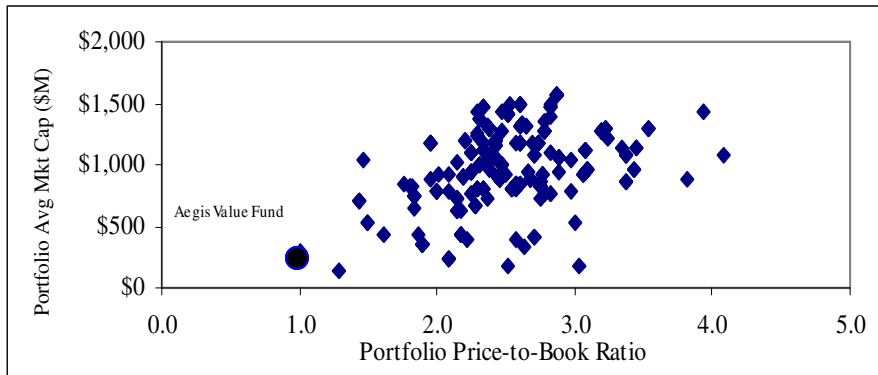
As you can see from Figure 7, the Fund, at 82 percent of book value and 32 percent of sales, continues to trade at a significant discount to stocks in the S&P 500 and S&P 600 Value indices, as well as most small-cap value funds tracked by Morning

**Figure 7: Key Valuation Ratios of Aegis Value Fund**



Source: Barra and Aegis Value Fund<sup>1</sup>

**Small Cap Value Funds: Morningstar Data as of February 3, 2005**



Source: Morningstar

star. We hope you will appreciate our focus on absolute returns and risk mitigation, especially in today's investing environment. We realize our approach is unusual in the mutual fund industry, but is highly consistent with the way we wish to manage our own personal capital, and we hope you will continue to view the Fund as a worthy component of your long-term investment portfolio.

We also want all of our investors to know that we take our fiduciary obligation to you very seriously and work diligently to ensure that our shareholders are treated properly and earn a good return on their hard-earned capital. We believe shareholder communications are very important and handle the function internally. Should you ever have any questions regarding our company or investment approach, we welcome you to get in touch with us. We continue to have the overwhelming portion of our assets invested either in the Fund, or in a similar manner, so we remain committed to our investment approach.

**Aegis Financial Corporation**

Scott L. Barbee, CFA

Managing Director, Portfolio Manager

<sup>1</sup> *Price/Book: The inverse of the capitalization-weighted average of the individual constituent Book/Price ratios. The individual company Book/Price ratio is the total common equity for the latest quarter divided by current company capitalization.*

*Note that taking the average of the individual asset P/B ratios will yield a different result. Our method is mathematically equivalent to taking the capitalization of the index and dividing by the book value of the index. This is more consistent with the spirit of the index ratio than is a capitalization-weighted average of the individual asset P/B ratios and is also a more stable quantity.*

*Price/Sales: The inverse of the capitalization-weighted average of the individual constituent Sales/Price values. The individual company Sales/Price ratio is the sum of the most recently available four quarters of net sales divided by current company capitalization.*

*Aegis Value Fund ratios exclude any consideration of non-equity holdings (e.g., cash). This is consistent with Morningstar, Inc. practices.*

*\* Notes: Aegis Value Fund's one-year, three-year, five-year, and since inception (5/15/1998) average annual returns for the period ending March 31, 2005 are 6.4%, 14.0%, 19.6%, and 15.8% respectively. Russell 2000 Value Index one-year, three-year, five-year, and since inception (AVALX-5/15/1998) average annual returns for the period ending March 31, 2005 are 9.8%, 11.5%, 15.4%, and 9.2%. All historical performance returns shown in this Advisor's Report for the Aegis Value Fund are presented on a pre-tax basis. Returns include reinvestment of income and capital gains. Past performance is no guarantee of 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. The Fund has an annualized expense ratio of 1.41%.*

*This article refers to two stocks held by the Fund, Royal Group Technologies and Dominion Homes Inc. As of February 28, 2005 these stocks represent 1.19% and 0.64% of total assets of the Fund respectively.*

*This Advisor's Report is for the information of shareholders of the Aegis Value Fund Inc. Information contained herein has been obtained from sources we believe to be reliable, but can not be guaranteed. The views of the Advisor are subject to change without notice and are not a guarantee of future results or a forecast of future events. Any recommendation made in this report may not be suitable for all investors. The Advisor's Report does not constitute a solicitation or offer to purchase or sell any securities. Its use in connection with any offering of fund shares is authorized only in the case of a concurrent or prior delivery of a prospectus. The securities of small, lesser-known companies may be more volatile than those of larger companies. In addition, investing in foreign securities involves additional risks beyond the risks of investing in U.S. securities. These risks involve economic and political considerations not typically found in U.S. markets, including currency fluctuation, political uncertainty, different financial standards and regulatory environments, and overall market and economic factors present in foreign countries. Investors should consider the Fund's investment objectives, risks, charges, and expenses. The prospectus contains this and other information about the Fund. For a prospectus that includes more complete information, please call us at (800) 528-3780, or visit our website at [www.aegisvaluefund.com](http://www.aegisvaluefund.com), where an online prospectus is available.*

**Aegis Value Fund, Inc.**  
**1100 North Glebe Road, Suite 1040**  
**Arlington, Virginia 22201**  
**Phone: (800) 528-3780**  
**Fax: (703) 528-1395**  
**Internet: [www.aegisvaluefund.com](http://www.aegisvaluefund.com)**

**Board of Directors**

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**

Aegis Financial Corporation  
1100 North Glebe Road, Suite 1040  
Arlington, Virginia 22201

**Custodian**

UMB Bank, n.a.  
928 Grand Boulevard  
Kansas City, Missouri 64106

**Independent Auditors**

Briggs, Bunting & Dougherty, LLP  
Two Penn Center Plaza, Suite 820  
Philadelphia, PA 19102-1732

**Counsel**

Seward & Kissel LLP  
1200 G Street, N.W.  
Washington, DC 20005