

Our Strategy

The Small/Micro-Cap Value strategy seeks long-term capital appreciation. We offer an innovative approach in regard to both security selection and portfolio construction that we believe sets us apart.

Fortress Balance Sheets

- ◆ We look for companies with ample free cash flow, little leverage and minimal goodwill that adhere to conservative Generally Accepted Accounting Principles (GAAP) accounting. The vast majority of companies in the Small and Micro-Cap space do not meet our strict criteria
- ◆ We believe a strong balance sheet allows companies to thrive in good times, survive in bad times

Founder/Owner Operator run

- ◆ The majority of companies the portfolio seeks to invest in are Founder/Owner/Operator run
- ◆ We believe to be treated like an owner, we have to invest with owners
- ◆ Long term operating histories provide a historical frame of reference

Avoiding Trouble - Strong Risk Controls

- ◆ We seek to invest in easy to understand companies We avoid turnarounds, serial roll-ups, litigation, debt and other problems
- ◆ We believe that great companies aren't build through creative accounting

Information Advantage - Intense Forensic Accounting & Long Term Familiarity

- ◆ We utilize an intense, fundamental, bottom-up research process
- ◆ We have followed our core holdings for many years.
- ◆ Globalized markets have created a vacuum of coverage for smaller stocks which can be exploited

Concentrated in Highest Conviction Ideas

- ◆ Top 10 holdings typically average ~ 40% of portfolio weight
- ◆ Our highest conviction ideas aren't diluted
- ◆ We believe over diversification leads to less knowledge of individual holdings and may potentially increase investment risk.

Benchmark Agnostic

- ◆ We seek to pursue our best ideas in the most promising areas of the market
- ◆ We are active managers, not benchmark huggers

We Buy Micro-Caps in Addition to Small-Caps

- ◆ We believe we are able to gain a significant information advantage due to the lack of any other analyst coverage in much of our portfolio as well as the depth and detail of our analysis we place into our proprietary research process.
- ◆ Smaller companies may be off limits to larger investment firms burdened by assets

Portfolio Construction

- ◆ 80-120 Potential Portfolio Candidates

Mix of Small and Micro-Cap Names

- ◆ 2/3 short term ideas (awaiting an emerging catalyst)
- ◆ 1/3 longer term ideas (catalyst >2 years)

Concentrated in Best Ideas

- ◆ Top 10 Holdings ~ 40% ◆ Top 20 Holdings ~ 60%
- ◆ Sector limits of 35% ◆ Industry Limits of 20%

Agnostic to Benchmark Weightings

- ◆ New Position Size = 1% - 2% of portfolio
- ◆ Seeks Low Turnover 45-75 positions in final portfolio

Strategy Highlights

- Fundamental - Bottom up research
- Concentrated in best ideas
- Emphasis on "Fortress Balance Sheets" (Limited Debt - Strong Free Cash Flow)
- Founder/Owner/Operator run companies
- Low Turnover

Fund Facts

Effective Date: April 30, 2010

Ticker: MITYX

Gross Expense Ratio: 1.31%

Minimum Investment: \$2,500

Subsequent Minimum Investment: \$50

Portfolio Manager

Brian G. Rafn -Principal/Portfolio Manager

25 years of experience in securities analysis, trading and portfolio management focusing primarily on small/micro-cap stocks. Brian holds degrees in Finance, Accounting and Economics and previously served as a family office Director of Research.

Fund Advisor

The Advisor is a registered investment advisor and is a successor company of National Investment Services of America, Inc., an investment management firm founded in 1975. As of December 31, 2011, the Advisor had \$185 million in assets under management.

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Mutual fund investing involves risk. Principal loss is possible. The Fund invests in small- and micro-capitalization companies, which involve additional risks such as limited liquidity and greater volatility than larger capitalization companies.

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling 800-969-6326, or visiting morgandempseyfunds.com. Read it carefully before investing.

Diversification does not assure a profit or protect against a loss in a declining market.

Free cash flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.

The Morgan Dempsey Small/Micro-Cap Value Fund is distributed by Quasar Distributors, LLC.