

Morgan Dempsey Small/Micro-Cap Value

We attempt to invest in only the strongest small companies. We use a Graham/Dodd valuation methodology and focus on inefficiently priced small/micro-cap companies with robust “fortress balance sheets” generating ample free cash flow. Our companies tend to grow organically and are run by founder/owner/operators where management’s interests are aligned with our own.

The ability to invest in true micro-cap companies, in addition to small-caps, provides us with opportunities that are off limits to larger institutional strategies. The sheer number of under-followed companies, combined with the selective nature of our portfolio gives us a significant information advantage over our competitors. Less than 1% of our investment universe makes it into our portfolio.

We do not rely on outside research preferring instead to do our own forensic accounting and analysis. We believe that disciplined, fundamental, bottom-up research is the key to gaining an information advantage. We consult company 10-Ks/10Qs/8Ks and speak with management, competitors, employees, regulators and suppliers. We measure the LBO private market value, relative historic value and a discounted free cash flow value in an attempt to find companies selling at a 30%-70% discount to our computed valuations. We additionally look for an emerging catalyst in order to avoid the inertia exhibited by many small company value stocks.

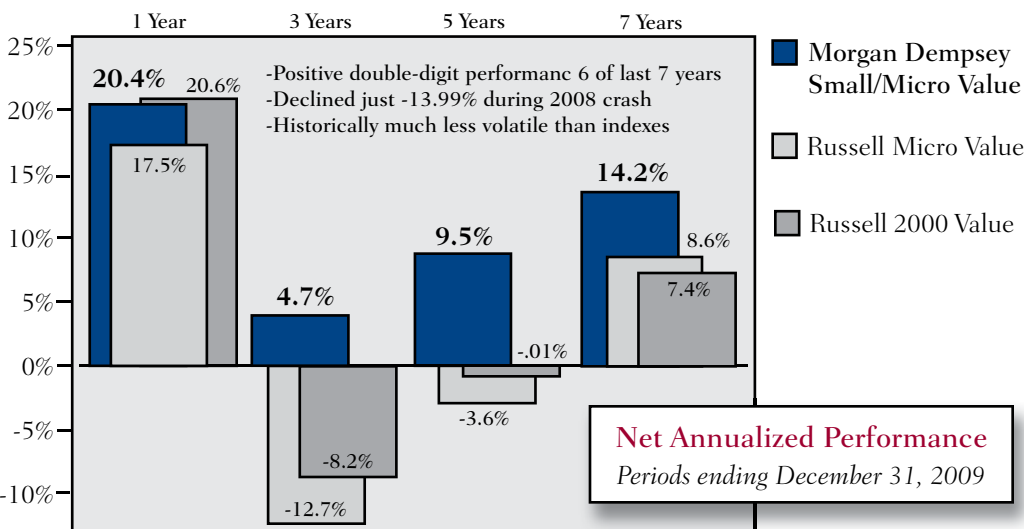
We focus on true small/micro-cap companies measured by the size of their sales, assets and cash flow. We avoid diluting of our portfolio with mid-cap or large-cap companies that find themselves in the small-cap universe after a share price drop.

Our contrarian bias affords us the freedom to be agnostic to benchmark weightings and to instead focus on the best companies in the most promising areas of the market.

We are buy-and-hold investors. We target companies with increasing intrinsic values which allow our holdings to grow and build shareholder value over long periods of time. We want to be long-term partners with great companies and attempt to remain fully invested at all times.

We do not equate risk with price volatility. Worrying about short-term price movements, which are unrelated to business fundamentals, tends to produce poor long-term results. We invite volatility as it affords us the opportunity to add to attractive investments we understand at reasonable prices.

Our focus on companies with extremely robust balance sheets, ample cash reserves and tangible assets gives us an added level of security in uncertain markets. We were recently ranked the top small-cap “Bull & Bear Master” by Informa (PSN) based on our long-term ability to outperform in both up and down markets. We thank you for your consideration.



Disclosures: Please see important investment performance disclosures on following page.

Strategy Highlights

- Purchase both Small and Micro-Cap Stocks
- Fundamental - Bottom up research
- Emphasis on “Fortress Balance Sheets” (Little Debt - Strong Free Cash Flow)
- Founder/Owner/Operator run companies
- Concentrated in best ideas,
- Low Turnover

Account Information

Management Fee: 1.00%
Minimum Investment: \$1,000,000
No lockup period or redemption restrictions

Manager Information

Brian G. Rafn
Director of Research/Portfolio Manager

Mr. Rafn joined Morgan Dempsey in 2003 and became a firm principal in 2010. He has over 20 years of experience in securities analysis, portfolio management, trading and trust accounting. He additionally has degrees in Finance, Accounting and Economics.

Portfolio Information

Top 10 holdings as of 12/31/09

6.3%	- National Presto Ind.	NPK
5.3%	- Jos. A. Bank Clothiers, Inc.	JOSB
5.0%	- Aptar Group, Inc.	ATR
4.8%	- J&J Snack Foods Corp.	JJSF
4.6%	- Gorman Rupp Co.	GRC
4.5%	- Granite Construction, Inc.	GVA
4.4%	- Utah Medical Products, Inc.	UTMD
2.6%	- L.B Foster Co.	FSTR
2.5%	- Balchem Corporation	BCPC
2.5%	- Lufkin Industries	LUFK

Total Number of Holdings: 71
1 year turnover: 12%
Median Market-Cap: \$540 million
Weighted Market-Cap: \$867 million

Contact Information

Morgan Dempsey Capital Management, LLC
309 N. Water Street
Milwaukee, WI 53202
www.MorganDempsey.com

For additional information or a copy of our ADV part II please contact:

Maury McCoy
Phone: (512) 775-0944
E-mail: Maury@McCoy-Associates.com

Morgan Dempsey Capital Management Investment Performance Disclosures



1. Compliance Statement: Morgan Dempsey Capital Management, LLC has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). 2. Definition of Firm: Morgan Dempsey Capital Management, LLC is an independent investment management and advisory firm registered under the Investment Advisors Act of 1940. MDCM was established in 1994. The assets reflected in this investment performance beginning with the 3rd quarter 2002 were managed by Brian Rafn, V.P portfolio manager, director of research of MDCM. 3. Composite Description: The small cap value equity composite includes all fully discretionary, fully invested, fee-paying accounts that are managed in the firm's small cap value equity model. The composite includes only U.S. small cap value stocks. The composite does not include any accounts which employ leverage, nor does it include any wrap accounts. The minimum account size for inclusion into the small cap value equity composite is \$100,000.00. 4. Benchmark: For comparison purposes, a benchmark of the Russell 2000 Value Index is used. The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer of the small-cap value market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine growth probability approximates the aggregate small-cap value managers opportunity set. Securities in the Value Index generally have a lower price-to-book and price-earnings ratios than those in the Growth Index. 5. Calculation Methodology: The composite performance results are net and gross of fees and are expressed in U.S. Dollars for the full historical period. They are time-weighted rates of return presenting total returns, net of commissions and transaction costs. Performance results reflect the reinvestment of dividends and other earnings and are presented gross and net of investment management fees and taxes. Additional information regarding the policies for calculating and reporting returns is available upon request. 6. List of Composites: The composite was created June 30, 2002. A complete list

and description of firm composites is available upon request. 7. Total firm assets represent total discretionary assets managed by MDCM. The number of portfolios in the composite is as of year end. The quarterly standard deviation is calculated as the average dispersion from the mean return of all accounts included in the Composite for the quarter. The annual standard deviation is the calculated average dispersion of accounts in the Composite for the full year. Note 1:n/a (<5 portfolios). During 2002 and the first quarter of 2003 results relate to one account and the account used was not the same from year to year. 8. The above table reflects past performance. Past performance does not guarantee future results. A client's investment return may be lower or higher than the performance shown above. Clients may suffer an investment loss. Returns reflect the reinvestment of dividends and other earnings. 9. Gross performance result calculations include the deduction of securities transaction charges but not investment advisory fees. The results include the reinvestment of all dividends and other income. Actual portfolio returns are reduced by the amount of such fees. Over time, the deduction of fees reduce the value of a portfolio on a compounded basis. 10. Net performance result calculations include the deduction of securities transaction charges and investment advisory fees. The results include the reinvestment of all dividends and other income. 11. Historical net performance numbers are calculated using the highest management fee charged by MDCM. (1.00%). 12. Fees: Standard management fees for the composite are as follows: first \$10,000,000=1.00% MDCM will negotiate fees for a structured small account program. MDCM will negotiate fees for accounts of substantial size. 13. Percentage of composite represented by non-fee paying accounts = 0.00%. 14. One-on-One Presentation: This report is used exclusively for one-on-one presentations to qualified individuals, pension funds, universities and other institutions. 15. The information herein is for informational use only. Under no circumstances does this information represent a recommendation to buy or

Year	# of Portfolios	Composite Assets	Firm Assets	Composite Dispersion	Composite Gross of Fees	Composite Net of Fees	Benchmark Performance
2003	1	363,200	137,315,376	0.00%	32.87%	31.68%	46.03%
2004	3	2,225,425	72,707,427	0.00%	23.82%	22.59%	22.25%
2005	6	3,140,055	68,492,815	0.95%	16.60%	15.47%	4.71%
2006	7	3,904,553	190,286,996	0.20%	19.74%	18.57%	23.48%
2007	8	4,556,445	186,950,509	0.43%	11.94%	10.83%	-9.78%
2008	10	4,642,480	145,295,212	2.37%	-13.11%	-13.99%	-28.93%
2009	12	6,547,423	172,535,243	0.84%	21.64%	20.44%	20.57%

sell securities. Information contained herein should not be construed as a solicitation or offer of any services in a jurisdiction where Morgan Dempsey Capital Management, LLC is not registered to do business or does not qualify for an exemption or exclusion from registration requirements. 16. MDCM makes no representation or warranties as to the accuracy, timeliness, or relevance of any information prepared by any unaffiliated party. 17. Small and Micro-Cap stocks may be subject to a higher degree of risk than more established company securities. Small and Micro-Cap stocks may be less liquid which can potentially increase trading costs. 18. Some information provided on MDCM's website or in company communications reflects opinions, and as such are not facts. These opinions are subject to change with changes in economic conditions and new information. Therefore, this information should not be used as a basis for an investment decision. 19. The results shown in this report should not be considered indicators of future performance. There can be no assurance that MDCM's future recommendations and account performance results will be favorable, or that losses will not occur in any client's account. The information contained herein is not a guarantee, or warranty by Morgan Dempsey Capital Management, LLC, nor its employees for any loss you may incur as result of the given information. 20. Upon request MDCM will provide a complete list of all recommendations made within the past year. 21. Manager ranking data was obtained from Money Manager Review, Nelson Information, Informa/Effron PSN, Morningstar, Evestment Alliance and other consultant databases. These rankings are independently prepared, and we believe them to be objective and statistically valid. Other similar manager rankings may produce different results. 22. Unless otherwise noted, performance results discussed in company communications and advertisements are net of fees and taken from our performance composite for the time period specified. 23. Further detailed disclosure information is contained in our Form ADV Part II which is available upon request 24. Periodically, the terms and con-

ditions may be updated and/or corrected to reflect changes in content. 25. Morgan Dempsey Capital Management, LLC has contracted the independent consulting firm of McCoy Associates to market the Morgan Dempsey Small/Micro-Cap Value Strategy. Compensation to McCoy Associates will be provided out of the existing management fee charged by Morgan Dempsey Capital Management, LLC. Compensation will not exceed 20% of the management fee and clients are not charged a higher fee as a result of McCoy Associates' marketing efforts for Morgan Dempsey Capital Management, LLC. 26. Clients having portfolios containing securities other than those used for the style selected, and portfolios subject to tax, client-imposed or other restrictions, would have had higher or lower total account returns than the performance shown. 27. Factors such as the size and performance of specific securities positions in accounts, the length of time certain positions are held, the timing of purchases and sales during the reporting period, client objectives, cyclical securities price trends, favorable and unfavorable news pertaining to securities, market trends and other factors all influence performance results materially. For these reasons, actual client account performance for any style would only match MDCM's total performance by coincidence. 28. The data used for this report was obtained from sources deemed reliable and then organized by the staff at MDCM. Performance calculations were prepared using standard industry software and were not audited by any third party. Errors could have occurred in the data, in the calculations, or in the preparation of this report. Therefore, the information contained on this site may not be precise. 29. The composition and market volatility of the Russell 2000 Value, Russell 2000, Russell 3000 Growth, Russell 1000 Value, Russell Micro-Cap and Lehmann Govt/Credit indices, which are unmanaged market value-weighted indices, and the composition and volatility of the portfolios managed by MDCM are materially different. 30. Any question regarding this information should be brought to the attention of Morgan Dempsey Capital Management, LLC.