

**Morgan Dempsey Capital Management, LLC
Verification and Midcap Institutional Composite Performance
Examination Report**

December 31, 2017



Verification and Performance Examination Report

Morgan Dempsey Capital Management, LLC

We have verified whether Morgan Dempsey Capital Management, LLC (the "Firm") (1) has complied with all the composite construction requirements of the Global Investment Performance Standards (GIPS®) on a firm-wide basis for the periods from January 1, 2016 through December 31, 2017, and (2) designed its policies and procedures to calculate and present performance in compliance with the GIPS standards as of December 31, 2017. We have also conducted a performance examination of the Firm's Midcap Institutional Composite for the periods from January 1, 2005 through December 31, 2017. The Firm's management is responsible for compliance with the GIPS standards, the design of its policies and procedures, and for the Quarterly Performance and Midcap Institutional Composite's compliant presentations. Our responsibility is to express an opinion based on our verification and performance examination. We conducted this verification and performance examination in accordance with the required verification and performance examination procedures of the GIPS standards. We also conducted such other procedures as we considered necessary in the circumstances.

In our opinion, the Firm has, in all material respects:

- Complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods from January 1, 2016 through December 31, 2017; and
- Designed its policies and procedures to calculate and present performance in compliance with the GIPS standards as of December 31, 2017.

A verification covering the periods from June 30, 2000 through December 31, 2015 was performed by another verification firm, whose report expressed an unqualified opinion thereon.

Also, in our opinion, the Firm has, in all material respects:

- Constructed the Midcap Institutional Composite and calculated the Midcap Institutional Composite's performance for the periods from January 1, 2005 through December 31, 2017 in compliance with the GIPS standards; and
- Prepared and presented the Midcap Institutional Composite's accompanying compliant presentation for the periods from January 1, 2005 through December 31, 2017 in compliance with the GIPS standards.

This report does not relate to or provide assurance on any composite compliant presentation of the Firm other than the Firm's Midcap Institutional Composite.

ACA Performance Services, LLC

ACA Performance Services, LLC
November 12, 2018

MORGAN DEMPSEY CAPITAL MANAGEMENT, LLC
MIDCAP INSTITUTIONAL COMPOSITE
QUARTERLY PERFORMANCE PRESENTATION - PAGE 1 OF 2

Asset-Weighted Performance Gross and Net of Management Fees
Results have been calculated in U.S. Dollars

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2017	Gross	5.34%	2.10%	2.20%	6.61%	17.19%
	Net	5.10%	1.86%	1.96%	6.36%	16.09%
2016	Gross	3.43%	4.35%	1.31%	1.64%	11.13%
	Net	3.18%	4.11%	1.07%	1.40%	10.08%
2015	Gross	3.37%	(0.10%)	(4.86%)	3.20%	1.40%
	Net	3.12%	(0.34%)	(5.09%)	2.96%	0.43%
2014	Gross	3.59%	1.53%	0.29%	4.41%	10.12%
	Net	3.35%	1.29%	0.05%	4.17%	9.09%
2013	Gross	9.53%	(0.74%)	7.83%	8.37%	27.05%
	Net	9.27%	(0.98%)	7.58%	8.12%	25.85%
2012	Gross	15.54%	(1.60%)	3.70%	4.36%	23.04%
	Net	15.27%	(1.83%)	3.46%	4.11%	21.89%
2011	Gross	4.98%	1.88%	(16.71%)	11.09%	(1.03%)
	Net	4.73%	1.64%	(16.92%)	10.83%	(2.00%)
2010	Gross	9.59%	(4.74%)	8.95%	12.75%	28.25%
	Net	9.34%	(4.97%)	8.70%	12.49%	27.05%
2009	Gross	(8.34%)	12.63%	9.96%	8.40%	23.05%
	Net	(8.57%)	12.37%	9.71%	8.15%	21.90%
2008	Gross	(11.71%)	3.56%	(8.08%)	(20.39%)	(33.11%)
	Net	(11.93%)	3.31%	(8.31%)	(20.60%)	(33.76%)
2007	Gross	2.82%	5.64%	5.10%	(0.69%)	13.38%
	Net	2.58%	5.39%	4.85%	(0.92%)	12.30%

MORGAN DEMPSEY CAPITAL MANAGEMENT, LLC
MIDCAP INSTITUTIONAL COMPOSITE
QUARTERLY PERFORMANCE PRESENTATION - PAGE 2 OF 2

Asset-Weighted Performance Gross and Net of Management Fees
Results have been calculated in U.S. Dollars

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2006	Gross	6.61%	1.43%	(1.48%)	3.33%	10.08%
	Net	6.36%	1.19%	(1.72%)	3.09%	9.04%
2005	Gross	(2.73%)	1.98%	3.01%	4.32%	6.59%
	Net	(2.97%)	1.73%	2.76%	4.07%	5.58%

Past performance is not indicative of future results. The Verification and Performance Examination Report and the compliant presentation are an integral part of this presentation.

MIDCAP INSTITUTIONAL COMPOSITE – ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (millions)	Composite Assets (USD) (millions)	Number of Accounts	% of Non-Fee-Paying	Annual Performance Results Composite		Russell Midcap Index	Composite Dispersion	Composite 3 Year Std. Dev.	Russell Midcap Index 3 Year Std. Dev.
					Gross	Net				
2017	346	1	3	0%	17.19%	16.09%	18.52%	0.65%	8.00%	10.50%
2016	378	4	4	0%	11.13%	10.08%	13.80%	0.49%	9.20%	11.70%
2015	275	4	4	0%	1.40%	0.43%	-2.44%	0.05%	9.50%	11.00%
2014	397	5	5	0%	10.12%	9.09%	13.23%	0.48%	9.50%	10.30%
2013	340	5	5	0%	27.05%	25.85%	34.76%	0.15%	12.30%	14.20%
2012	244	4	5	0%	23.04%	21.89%	17.26%	0.30%	15.00%	17.40%
2011	186	4	5	0%	-1.03%	-2.00%	-1.56%	0.27%	16.20%	21.90%
2010	213	4	6	0%	28.25%	27.05%	25.48%	0.84%		
2009	173	4	10	0%	23.05%	21.90%	40.48%	1.04%		
2008	141	5	13	0%	-33.11%	-33.76%	-41.46%	1.05%		
2007	188	20	17	0%	13.38%	12.30%	5.60%	0.50%		
2006	190	19	20	0%	10.08%	9.04%	15.26%	1.18%		
2005	69	14	21	0%	6.59%	5.58%	12.65%	0.86%		
2004	73	11	22	0%	12.19%	11.13%	20.22%	0.59%		
2003	137	20	23	0%	35.28%	34.00%	40.06%	1.64%		
2002	131	47	27	0%	-34.93%	-35.58%	-16.19%	0.49%		

N.A. -Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year, or an incomplete calendar year.

Morgan Dempsey Capital Management, LLC (MDCM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Morgan Dempsey Capital Management, LLC has been independently verified for the periods June 30, 2000 through December 31, 2016.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Midcap Institutional composite has been examined for the periods December 31, 2004 through December 31, 2016. The verification and performance examination reports are available upon request.

Midcap Institutional Composite contains fully discretionary Midcap commission based accounts and for comparison purposes is measured against the Russell Midcap Index. In presentations shown prior to 2004, the composite was compared against the S&P 400 Index. In presentations between 2004 and 2009, the composite was compared against the Russell 3000 Growth Index. The benchmark has been changed to more accurately reflect the strategy of the

composite. The Midcap Institutional Composite was created June 30, 2010.

Morgan Dempsey Capital Management, LLC is an independent investment management and advisory firm registered under the Investment Advisers Act of 1940. MDCM was established in 1994. The number of portfolios in the composite is as of year end. The assets reflected in this investment performance begin with the 3rd quarter of 2002.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Beginning December 31, 2012, and ending September 30, 2016, composite policy required the creation of a temporary portfolio for a client initiated significant cash inflow of at least 25% of portfolio assets. The creation of such a temporary account occurred on the date in which the significant cash flow occurred and the temporary account was combined with the corresponding account at the month end after the cash flow was fully invested. As of October 1, 2016 all cash inflows regardless of size are invested immediately and no temporary account is created. Additional information regarding the treatment of significant cash flows is available upon request. Composite performance is presented gross of foreign withholding taxes on dividends, interest income, and capital gains. Withholding taxes may

vary according to the investor’s domicile. Composite returns represent investors domiciled in the United States. Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using MDCM’s maximum Midcap annual management fee of 1.0%, equally applied on a monthly basis. Prior to 2017, the annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Starting in 2017, the annual composite dispersion presented is an equal-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The investment management fee schedule for the Midcap composite is 1.0%. Actual investment advisory fees incurred by clients may vary. 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.

The information herein is for informational use only. Under no circumstances does this information

represent a recommendation to buy or 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. The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable. List of composite descriptions is available upon request.

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.

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. Further detailed disclosure information is contained in our Form ADV Part 2A which is available upon request.

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. Upon request MDCM will provide a complete list of all recommendations made within the past year.

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. 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.

Any question regarding this information should be brought to the attention of Morgan Dempsey Capital Management, LLC.