

**Morgan Dempsey Capital Management, LLC
Verification and Small/Micro-Cap Value 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 Small/Micro-Cap Value Institutional Composite for the periods from January 1, 2016 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 Small/Micro-Cap Value 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 Small/Micro-Cap Value Institutional Composite and calculated the Small/Micro-Cap Value Institutional Composite's performance for the periods from January 1, 2016 through December 31, 2017 in compliance with the GIPS standards; and
- Prepared and presented the Small/Micro-Cap Value Institutional Composite's accompanying compliant presentation for the periods from January 1, 2016 through December 31, 2017 in compliance with the GIPS standards.

A performance examination of the Firm's Small/Micro-Cap Value Institutional Composite covering the periods from January 1, 2004 through December 31, 2015 was performed by another verification firm, whose report expressed an unqualified opinion thereon.

This report does not relate to or provide assurance on any composite compliant presentation of the Firm other than the Firm's Small/Micro-Cap Value Institutional Composite.

ACA Performance Services, LLC

ACA Performance Services, LLC
November 12, 2018

MORGAN DEMPSEY CAPITAL MANAGEMENT, LLC
SMALL/MICRO-CAP VALUE 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	(0.49%)	1.98%	6.98%	4.09%	13.00%
	Net	(0.76%)	1.71%	6.70%	3.81%	11.80%
2016	Gross	3.62%	1.83%	6.26%	14.15%	28.00%
	Net	3.34%	1.56%	5.99%	13.85%	26.65%
2015	Gross	0.98%	(1.06%)	(11.55%)	6.28%	(6.09%)
	Net	0.71%	(1.33%)	(11.81%)	5.99%	(7.10%)
2014	Gross	2.41%	1.65%	(9.97%)	2.03%	(4.38%)
	Net	2.14%	1.37%	(10.22%)	1.76%	(5.41%)
2013	Gross	10.44%	3.82%	10.92%	8.72%	38.28%
	Net	10.16%	3.55%	10.63%	8.42%	36.83%
2012	Gross	7.64%	(4.02%)	4.53%	3.96%	12.26%
	Net	7.35%	(4.28%)	4.24%	3.69%	11.07%
2011	Gross	11.16%	(3.08%)	(16.40%)	14.23%	2.87%
	Net	10.86%	(3.35%)	(16.65%)	13.93%	1.75%
2010	Gross	6.53%	(5.86%)	10.48%	14.49%	26.86%
	Net	6.29%	(6.09%)	10.23%	14.22%	25.66%
2009	Gross	(10.20%)	15.11%	13.36%	4.08%	21.96%
	Net	(10.42%)	14.84%	13.10%	3.84%	20.83%
2008	Gross	(3.31%)	4.06%	(0.55%)	(12.80%)	(12.75%)
	Net	(3.54%)	3.81%	(0.80%)	(13.03%)	(13.62%)
2007	Gross	8.30%	11.40%	(0.56%)	(6.85%)	11.74%
	Net	8.05%	11.13%	(0.81%)	(7.08%)	10.67%

MORGAN DEMPSEY CAPITAL MANAGEMENT, LLC
SMALL/MICRO-CAP VALUE 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	13.93%	(6.71%)	2.50%	9.91%	19.74%
	Net	13.66%	(6.94%)	2.26%	9.66%	18.61%
2005	Gross	1.44%	5.43%	8.63%	0.36%	16.60%
	Net	1.20%	5.18%	8.37%	0.12%	15.50%
2004	Gross	7.48%	3.11%	0.47%	10.98%	23.57%
	Net	7.23%	2.86%	0.23%	10.72%	22.40%

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. The periods shown prior to January 1, 2016 were examined by another verification firm.

SMALL/MICRO-CAP VALUE INSTITUTIONAL COMPOSITE - ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (millions)	Composite Assets (USD) (millions)	No. of Accts	% of Non-Fee-Paying	Annual Performance Results Composite		Russell 2000 Value Index	Composite Dispersion	Composite 3-Yr St Dev	Russell 2000 Value Index 3-Yr St Dev
					Gross	Net				
2017	346	49	18	0%	13.00%	11.80%	7.84%	0.23%	13.30%	14.20%
2016	378	162	21	0%	28.00%	26.65%	31.74%	0.22%	14.60%	15.70%
2015	275	157	40	0%	-6.09%	-7.10%	-7.47%	0.15%	13.90%	13.60%
2014	397	246	46	0%	-4.38%	-5.41%	4.22%	0.20%	12.90%	13.00%
2013	340	220	38	0%	38.28%	36.83%	34.50%	0.27%	14.60%	16.00%
2012	244	164	35	0%	12.26%	11.07%	18.05%	0.68%	17.50%	20.20%
2011	186	126	26	0%	2.87%	1.75%	-5.50%	0.36%	21.50%	26.40%
2010	213	49	10	0%	26.86%	25.66%	24.51%	0.49%		
2009	173	5	8	0%	21.96%	20.83%	20.58%	0.33%		
2008	141	3	5	0%	-12.75%	-13.62%	-28.92%	N.A.		
2007	188	4	5	0%	11.74%	10.67%	-9.78%	N.A.		
2006	190	3	4	0%	19.74%	18.61%	23.48%	N.A.		
2005	69	3	4	0%	16.60%	15.50%	4.71%	N.A.		
2004	73	2	4	0%	23.57%	22.40%	22.25%	N.A.		
2003	137	.4	1	100%	32.98%	31.73%	46.03%	N.A.		

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 Small Micro Cap Value Institutional composite has been examined for the periods January 1, 2004 through December 31, 2016. The verification and performance examination reports are available upon request.

Small/Micro-Cap Value Institutional Composite was created June 30, 2010 and contains fully discretionary Small/Micro-Capitalization Value, US domiciled, long only equity, commission based accounts and for comparison purposes is measured against the Russell 2000 Value Index. The minimum account size for this composite is \$100,000. The firm maintains a complete list and description of composites, which is available upon request.

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 assets reflected in this investment performance begin with the 3rd Quarter 2002. The number of portfolios in the composite is as of yearend.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Results for Q4 2002 and Calendar year 2003 were from one account managed and researched exclusively by Brian Rafn at a previous investment advisory 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 returns represent investors domiciled primarily 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 Small/Micro-Cap Value annual management fee of 1.1%, 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 Small/Micro Cap Value composite are as follows: first 25 million +1.1%, next 25 million = 1.0%, next 30 million = 0.95 bp, above 80 million = 0.85. Actual investment advisory fees incurred by clients may vary.

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. The composition and market volatility of the Russell 2000 Value, Russell 2000 and Russell Micro-cap Value, which are unmanaged market value-weighted indices, and the composition and volatility of the portfolios managed by MDCM are materially different.

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.

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.