July 1, 2013

Dear Fellow Shareholder,

What follows is our interim quarterly note, which tends to be a slightly shorter affair than the official year-end and semi-annual missives. We had a satisfactory three months and that performance adds to a satisfactory first six months of the calendar year 2013.

TOTAL RETURN (%) – as of June 30, 2013 | Symbol: CSCSX

	3 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION (9/30/1998)
CSC Small Cap Value Fund							
without sales charge	2.57	12.40	23.42	19.33	13.09	8.13	11.24
with 3.5% sales charge	-1.01	8.48	19.10	17.92	12.29	7.75	10.97
Russell 2000® Index	3.08	15.86	24.21	18.67	8.77	9.53	8.35
Russell 2000® Value Index	2.47	14.39	24.76	17.33	8.59	9.30	9.43
Russell 2500™ Value Index	1.54	15.10	26.88	18.92	9.42	10.16	10.04

Performance shown for the period September 30, 1998 to January 20, 2012 reflects performance for CSC Small Cap Value Fund, a series of CNI Charter Funds, the predecessor to CSC Small Cap Value Fund "The Fund". The Fund has the same portfolio manager and substantially similar investment strategies to the predecessor fund. Performance without the sales charge does not reflect the current maximum sales charge of 3.50%. Had the sales charge been included, the Fund's returns would have been lower. Returns for periods greater than 1 year are annualized.

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 1-866-497-0097.

The gross expense ratio is 2.22%. Investment performance reflects contractual fee waivers in effect through 5/31/14 to keep the expense ratio (excluding 0.53% acquired fund fees and expenses, brokerage commissions, interest, taxes and extraordinary expenses) at or below 1.69% (Expense Cap). In the absence of such fee waivers, total return would be reduced.

As of January 28, 2013, The Fund will impose a 2.00% redemption fee on shares sold within 60 days of purchase. Performance data does not reflect the redemption fee. If it had, return would be reduced.

While the quarter was full of fine jargoning involving "Federal Reserve Tapering," Japanese market ups and downs, and some disquieting political and economic news flow from Brazil and China, we remain of the opinion that shares of stocks represent actual pieces of ownership of actual companies, and thus investment success is predicated on a generally correct assessment of the interplay between the nature of the business (think Return on Capital); valuation (multivariate); and the competence of (and the incentives that motivate) the people running the company. In other words, we continue to think and act longer-term than what appears to be en vogue in today's investment management world.

WHAT HAPPENED — Quarter ending June 30, 2013 | Symbol: CSCSX

5 Contributors

Security	Average Weight (%)	Return (%)	Contribution (%)
LIVE NATION ENTERTAINEMENT INC	4.67	25.37	1.10
HARMAN INTL INDS INC	2.23	25.24	0.61
RUBY TUESDAY INC	2.71	25.24	0.60
RB BARRY CORP	2.45	21.89	0.56
ORIENT-EXPRESS HOTELS	2.21	23.20	0.50

5 Detractors

Security	Average Weight (%)	Return (%)	Contribution (%)
CENTRAL GARDEN & PET CO – CL A	1.80	-16.31	-0.32
FORESTAR GROUP INC	4.05	-8.23	-0.31
GLOBAL CASH ACCESS LLC	3.01	-11.42	-0.27
CORELOGIC, INC	2.71	-10.40	-0.26
PMC-SIERRA INC	2.47	-6.41	-0.21

The 5 Contributors measure the top five contributors to the portfolio's total return and the 5 Detractors measure the five bottom contributors to the portfolio's return. Average Weight shown is a calculation of the average percentage held of each included company over the course of the quarter ending June 30, 2013. Return is the total return for each included company over the course of the quarter ending June 30, 2013. Contribution is a ranked measure of how each included company contributed to the Fund over the course of the quarter ending June 30, 2013.

That said, we had an unusual amount of activity in the fund this quarter, some of which was driven by longer-term success—certain positions grew up and out of the small cap space. Alleghany Corp and Perkin Elmer were long-term and excellent holdings, and they were replaced by a new crop of stocks that include Barnes and Noble, Harman Industries, Remy International, Washington Post, and VeriFone.

Let's take on two of the more interesting companies in the name of space. Barnes and Noble is familiar to all readers, and the critical variables here are three-fold: the stock is absurdly inexpensive due to a misguided assumption that the bookstore as a concept is going away sometime soon and we don't believe it is; we think the exit from a tablet strategy that sought to compete with the iPad is a smart move and there is plenty of room for a strong number #2 in the distribution of E-books by a hardware independent source; and lastly we think there is a variety of takeover, LBO, and split-up scenarios being evaluated by the Board which includes two members of Liberty Media.

Washington Post is a "re-tread" of an older, successful holding from some four years ago. What brings us back at a price slightly above our sale price four years ago is the volcano of mergers and acquisitions activity in broadcasting and cable, deals that highlight the severe discount to our new, higher estimate of intrinsic value. We also think the Post newspaper can be sold to the Museum of Print (aka Berkshire Hathaway) and the problematic but potentially turnaround-able Kaplan Higher Education can be a separate entity, adding to a simpler and more shareholder-focused company.

As the experience of the last few weeks suggests, the market "may" have a short-term tumble when FROTUS (The Federal Reserve of the United States), the world's largest and most levered hedge fund, decides a near zero interest rate policy is less than rational. But we find it hard to see how 1% short-term interest rates and a 3.5% ten-year bond yield are practical impediments to longer-term economic activity. The Titanic risk here is that there are undoubtedly large financial entities out there in the world that are blithely determined to pick up the last penny in front of an interest rate steamroller. Kidder Peabody, Goldman Sachs, Askin, Steinhardt, Bankers Trust, and Orange County are just a few of the names in recent economic history that had problems when the fixed income worm turned. Oh, and our fixed income radar has not gotten any better—we just "know" the risk/reward continues to be skewed against us.

At Cove Street Capital, we stick to a discipline that states matter-of-factly that a long-term investor should buy the cheap stocks of decent businesses when the opportunity presents itself. We remain highly confident that stock prices will continue to display volatility much greater than what is justified by underlying business fundamentals and thus tomorrow is likely to present us with new opportunities. We remain vigilant and patient.

Best Regards,

Jeff Bronchick

Jeffrey Bronchick, CFA | Chief Investment Officer Shareholder, CSC Small Cap Value Fund

---

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory prospectus and summary prospectus contain this and other important information about the investment company, and they may be obtained by calling 1-866-497-0097 or visiting www.covestreetfunds.com. Read it carefully before investing.

TOP 10 HOLDINGS – as of June 30, 2013

	(%)
APPROACH RESOURCES INC	5.4
SPX CORPORATION	4.9
WHITE MOUNTAINS INSURANCE	4.6
CROSSTEX ENERGY INC	4.2
GLOBAL CASH ACCESS LLC	3.7
FORESTAR GROUP INC	3.6
NEUSTAR INC	3.4
HARMAN INTL INDS INC	2.9
ORIENT-EXPRESS HOTELS	2.9
RG BARRY CORP	2.8

Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security. *Current and future portfolio holdings are subject to risk.*

Mutual fund investing involves risk. Principal loss is possible. There is no assurance that the investment process will consistently lead to successful results. Value investing involves risks and uncertainties and does not guarantee better performance or lower costs than other investment methodologies. Investments in smaller companies involve additional risks such as limited liquidity and greater volatility. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. Concentration of assets in a single or small number of issuers, may reduce diversification and result in increased volatility.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe, representing approximately 10% of the total market capitalization of the Russell 3000® Index and the Russell 2000® Value Index includes those Russell 2000® Index companies with lower price to book ratios and lower forecasted growth values. The Russell 2500™ Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. One cannot invest directly in an index. Return on capital (ROC) is a ratio used in valuation that is estimated by dividing the after-tax operating income by the book value of invested capital.

The Cove Street Small Cap Value Fund is distributed by Quasar Distributors, LLC. Quasar Distributors, LLC is affiliated with U.S. Bancorp Fund Services LLC.