June 30, 2015 SHAREHOLDER LETTER

DEAR FELLOW SHAREHOLDER:

We are pleased to report on our quarter ending June 30, 2015.

TOTAL RETURN (%) as of June 30, 2015 | Symbol CSCSX

	3 MONTH	YEAR to DATE	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION (9/30/98)
Cove Street Capital Small Cap Value Fund	2.78	5.42	3.61	16.20	16.65	6.68	11.42
Russell 2000® Index	0.42	4.75	6.49	17.81	17.08	8.40	9.10
Russell 2000® Value Index	-1.20	0.76	0.78	15.50	14.81	6.87	9.63

Performance shown for the period September 30, 1998 to January 20, 2012 reflects performance for Cove Street Capital Small Cap Value Fund, a series of CNI Charter Funds, the predecessor to Cove Street Capital Small Cap Value Fund "The Fund". The Fund has the same portfolio manager and substantially similar investment strategies to the predecessor fund. Effective September 10, 2013, the Investor Class eliminated all sales charges on purchases. Prior to that date, purchases were subject to a maximum sales charge of 3.50%. The returns shown for the Investor Class do not reflect any sales charges. If they had, the returns would be 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 1.60% and Net is 1.65%. Investment performance reflects contractual fee waivers in effect through 5/31/16 to keep the expense ratio (excluding 0.01% acquired fund fees and expenses, brokerage commissions, interest, taxes and extraordinary expenses) at or below 1.69% (Expense Cap). Net expense ratios are higher than gross expense ratios due to recoupment of previously waived fees.

As of January 28, 2013, The Fund imposes 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.

It remains an unusual and choppy financial world, some of which is good and some of which is bad. We generally enjoy confusion because it creates opportunities on an individual basis, which is the key to our long-term strategy. On the other hand, our research suggests that today we are at relatively "thin" altitude in many asset classes and specific stocks as far as valuation and thus we are treading cautiously.

As far as what has been helping and hurting, we note the following:

WHAT HAPPENED Quarter Ending June 30, 2015 | Symbol: CSCSX

SECURITY	AVERAGE WEIGHT	RETURN	CONTRIBUTION
TOP 5 CONTRIBUTORS	(%)	(%)	(%)
CHEROKEE INC.	4.08	44.54	1.50
CARROLS RESTAURANT GROUP INC	5.00	25.45	1.10
NEUSTAR INC.	4.66	19.06	1.07
AMERICAN VANGUARD CORP	3.10	29.94	0.79
APPROACH RESOURCES INC	3.07	4.53	0.45

SECURITY	AVERAGE WEIGHT	RETURN	CONTRIBUTION
TOP 5 DETRACTORS	(%)	(%)	(%)
FRANCESCA'S HOLDINGS CORPORATION	2.57	-24.56	-0.70
HALYARD HEALTH INC.	2.46	-17.68	-0.49
FORESTAR GROUP INC.	2.46	-17.05	-0.46
EVINE LIVE INC.	0.71	-22.25	-0.39
WESTELL TECHNOLOGIES INC.	1.29	-24.53	-0.35

The 5 Contributors measure the top five contributors to the portfolio's total return. 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 listed period. Return is the total return for each included company over the course of the listed period. Contribution is a ranked measure of how each included company contributed to the Fund over the course of the listed period.

At the top of our pile is Cherokee Inc. (CHKE), which owns and licenses clothing brands including Liz Lange, Tony Hawk, and Cherokee. The company operates on an asset light model wherein it licenses its brands to retailers in return for a royalty. Cherokee has continued to rally on the back of measured revenue growth, high margins, and good returns on capital.

Carrols Restaurant Group Inc. (TAST) is the largest Burger King Franchisee in the United States. The company has the exclusive right of first refusal to acquire Burger Kings in 20 states within the Northeast representing 1,000 potential restaurants at extremely favorable valuations. Carrols' management team has successfully run multiple franchise restaurant companies. Also Burger Kings run by the firm have tended to have significantly higher margins than their peers. Furthermore, the company is the direct beneficiary of improvements at Burger King corporate which is run by 3G Capital one of the best consumer facing management teams in the world according to a particular octogenarian in Omaha. Over the past year Carrols has put up strong same store restaurant sales and EBITDA growth.

NeuStar Inc. (NSR) offers a number of security, registry, and technology services. In 2015, the company lost its largest contract wherein it provided a centralized database of numbers for telecom companies that allowed consumers to port their numbers. As a result of the contract loss, NeuStar's stock sold off significantly at which point Cove Street materially increased its position at panic lows. We believe NeuStar remains attractive despite the contract loss as the remainder of the company is in attractive digital marketing and services businesses selling at deeply undervalued levels. The contract run-off will take longer than many observers (other than us) have anticipated and the stock rallied strongly this quarter.

American Vanguard Group (AVD) produces a variety of agricultural chemicals. The recent fall in agriculture, and in particular corn prices, has adversely effected the demand for the company's products. However a cyclical downturn in agriculture prices is being partially offset by a trend towards insect resistance against major genetically modified crop brands. In addition, in 2014 American Vanguard over-stockpiled inventories anticipating an improvement in the agricultural pricing environment that never materialized. The unwinding of the inventory and better than expected results have helped to drive improved performance.

Approach Resources (AREX) is an oil company that primarily produces oil in the Southern portion of the Permian basin. The recent increase in oil prices from approximately $50 to $60 per barrel has driven gains in the company's stock. AREX continued to trade at a discount to the value of its reserves which we believe is cheap when viewed to its competitors.

On the other end of the spectrum, Francesca's Holding Corporation (FRAN) is a small format apparel and accessories retailer. New CEO Michael Barnes, who had a massive run at Signet Jewelers, is doing all the right things. We anticipate continued improvement in same store sales and a focus on their high margin jewelry options. We believe the stock remains cheap with room to grow.

Westell Technologies (WSTL) is a telecom equipment and services provider. The telecom equipment cycle is driven by telecom capital expenditures which declined significantly in 2014 and continued to be weak in the first quarter of 2015. Despite the temporary drop in spending, we believe Westell remains attractive. Roughly two thirds of the company's value is in cash which we believe provided the company with a significant "margin of safety" and the ability to wait out the current cyclical low in telecom spending. Furthermore, Westell participates in a number of high growth areas such Distributed Antenna Systems (DAS) which provide the company with a potential path for future growth. We wait.

Halyard Health (HYH) is a medical device and surgical and disease prevention company. The company recently spun out of Kimberly Clark and has continued to operate with a transition services agreement that obscures the company's true financials. Halyard received an unanticipated benefit from lower oil prices which are driving significant margin enhancements in the firm's surgical and disease prevention segment, and we have had nice gain since the spin. In the most recent quarter, the company faced significant forex headwinds and issued worse than expected sales guidance that weighed on the company. However as per our research, we believe management continue to execute effectively on the company's transition and remains cheap on a sum of the parts basis especially when viewed in comparison with other medical device peers.

Forestar Group (FOR) is a Texas-based land, real estate, and oil and gas company. The company faced a double whammy from the oil and gas collapse as their reserves fell in value and as the Texas economy faced growth headwinds from falling energy-related employment. However the company remained significantly undervalued even if no value is ascribed to their oil and gas assets based on our estimate of their real estate and land holdings value.

We spent a fair amount of the quarter in activity related to selling. We finished selling INTL FCStone, an odd combination of financials businesses that we bought for $19 and sold for nearly double at $31 on enthusiasm related to their positive exposure to rising interest rates. We sold our position in Scripps Media and Journal Media, which merged their Broadcasting and Newspaper businesses into separate entities. We made almost 50%, but on a very small position as our value discipline got in the way of actually making a lot more money than we did. We sold Chimera, a non-agency mortgage real estate investment trust (REIT) which we have owned on and off since the 2009 financial crisis as we have found better things to do with the money. We finished selling Emerald Oil and Gas, which was an unmitigated disaster in the Small Cap oil and gas space for fairly obvious and previously noted reasons.

On the buy-side, there were three new positions, two of which we will talk about as we are still buying the third. Equity Commonwealth is a failed REIT whose management team and Board of Directors was deservedly thrown out in a nasty battle for control. The good news is this is now a team and Board led by famed real estate and value investor Sam Zell who is selling everything that is not nailed down and cutting costs to the bone. The stock sells at nearly a 35% discount to our estimate of Net Asset Value and we believe we have a team to get us there. People hate an REIT that does not pay a dividend and we have the discipline and patience to see through that.

The newly rebranded EVINE Live is the "Third" home shopping company after Home Shopping Network (HSN) and QVC which is owned by Liberty Media. The Portfolio Manager has over 15 years' experience of both QVC and HSN and thus we feel somewhat emboldened to say we know this industry pretty well. EVINE also had its Board and management team removed by a Proxy fight coincidentally and the new team (led by a former HSN CEO) is doing all the right things to achieve reasonable margins and growth. What isn't fully appreciated by many investors is that "home shopping" also neatly encapsulates "online shopping" which is almost 50% of their sales. We believe this seems like a solid risk reward on a multi-year improvement.

Our closing message remains the same. We have an excellent team that goes about the business of identifying interesting businesses selling at what we think are discounts to intrinsic value. We stick to our knitting and remain materially invested in the fund as its managers. We thank you again for your partnership.

Best Regards,

Jeff Bronchick

Jeffrey Bronchick, CFA | Principal, Portfolio Manager
Shareholder, Cove Street Capital Small Cap Value Fund

The information provided herein represents the opinions of Cove Street Capital LLC and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Opinions expressed are subject to change at any time.

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 EQUITY HOLDINGS as of June 30, 2015 | Symbol: CSCSX

CARROLS RESTAURANT GROUP INC	5.32	%
BELMOND LTD	5.28	%
VIASAT INC	4.96	%
LIBERTY VENTURES	4.72	%
HALLMARK FINANCIAL SERVICES INC	4.40	%
NEUSTAR INC	4.16	%
COMVERSE INC	4.05	%
CHEROKEE INC	3.79	%
FORESTAR GROUP INC	3.52	%
DREAMWORKS ANIMATION SKG	3.39	%

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. One cannot invest directly in an index. Cash flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.
- EBITDA is essentially net income with interest, taxes, depreciation, and amortization added back to it, and can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
- Forex is the market in which currencies are traded.
- Margin of safety is a principle of investing in which an investor only purchases securities when the market price is significantly below its intrinsic value. In other words, when market price is significantly below your estimation of the intrinsic value, the difference is the margin of safety.

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