September 30, 2016 Letter to Shareholders

Dear Fellow Shareholder:

Returns for the quarter ending September 30th were "remarkably positive" given that this was the sixth quarter in a row of flat or negative corporate earnings for the market as a whole, along with a number of other unpleasant things that crossed our desks and screens. Even after hitting a rough patch at the end of the quarter, the Russell 2000® jumped 9.1% over the last three months—the best quarter ending September 30th since 2013—and is now up 32.6% from the bottom (on 02/11/16) and 11.5% year to date. The elephant in the room of course is Federal Reserve policy and, once again, the Board's sense of the correct policy appears to be unchanged. So the giant headline reads: flat fundamentals that are discounted by lower rates equals a positive bias in financial markets.

Total Return

(%) as of September 30, 2016

	3 MONTH	CALENDAR YEAR to DATE	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION (10/03/01)
Cove Street Capital Small Cap Value Fund	5.78	11.72	13.63	5.79	17.66	6.89	8.59
Russell 2000® Index	9.05	11.46	15.47	6.71	15.82	7.07	9.12
Russell 2000® Value Index	8.87	15.49	18.81	6.77	15.45	5.78	9.30

Performance shown for the period through January 20, 2012 reflects performance for CSC 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.

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 1.42%. Cove Street Capital, LLC (the "Adviser" or "Cove Street") has contractually agreed through at least January 28, 2017 to reduce its management fees, and may reimburse the Fund for its operating expenses, in order to ensure that Total Annual Fund Operating Expenses (excluding acquired fund fees and expenses, leverage, interest, taxes, brokerage commissions, and extraordinary expenses) do not exceed 1.25% of the Fund's average daily net assets.

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.

While our normal position in sharp upward periods is to be "competitive"—and we were—our short-term performance was hampered somewhat by a newfound sense of popularity in the form of positive asset flows into the fund, which we simply did not invest immediately upon arrival. There are many theories about managing money, but as it relates to new money flows there are two: (a) invest all new money immediately in exact proportion to the "model," regardless of how relative values might be changing or (b) invest new money in your best ideas, invest it as if it were your own money being put to work, and do not invest in things because it cosmetically looks like the right thing to do. It is important to

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understand that we take the latter approach, and it has mostly helped us through history, but not always. We think we are being hired to exercise discretion and to be prudent with the capital we are entrusted with. Ironically, if we had invested it all day one, the market may have gone down, and by holding off, the market went up. Case closed.

We would also note again that this is small cap investing. We cannot simply wave our wand and be magically invested or magically raise cash—it often takes time to pursue either activity and we "manage" with an eye toward having appropriate liquidity in case of unexpected asset flows, which we always assume lurk around the corner.

And one other thing. Investing new cash has gotten harder as the market has risen, a self-evident statement for those who knowingly invest with a value bent. We turn over a lot of rocks, and bring a lot back to the analytical lab for testing, but that is not a guarantee of future success in the short-run. We are careful not to aggressively recalibrate equipment to create the illusion of short-term results. It has simply gotten harder to put new money to work.

Our process is bottom-up and idea driven, and I think investors learn more about us by working through our ideas—good and bad—than by general pontification. So here is a look at our winners and losers this quarter, as well as a modest spotlight on some new ideas.

What Happened

Quarter Ending September 30, 2016 | Symbol CSCAX

SECURITY	AVERAGE WEIGHT	RETURN	CONTRIBUTION
TOP 5 CONTRIBUTORS	(%)	(%)	(%)
Liberty Media Corp CL – A	3.67	49.69	1.58
Zebra Technologies Corp CL – A	2.80	38.58	1.13
Avid Technology Inc	2.84	36.66	0.86
Belmond LTD	2.43	28.46	0.64
GP Strategies Corp	3.67	13.86	0.56
SECURITY	**AVERAGE WEIGHT**	**RETURN**	**CONTRIBUTION**
TOP 5 DETRACTORS	(%)	(%)	(%)
Liberty Global PLC LiLAC – A	3.08	-18.35	-0.87
Millicom International Cellular S.A.	2.44	-14.74	-0.36
VeriFone Systems Inc	2.72	-15.07	-0.33
Hallmark Financial Services Inc	2.39	-11.01	-0.29
SeaWorld Entertainment Inc	0.79	-11.34	-0.22

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.

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As is our habit, we will start with the detractors. Liberty Global PLC LiLAC (Ticker: LILA) is tracking stock tied to the Latin American business of Liberty Global (Ticker: LBTYA). During the quarter, the stock continued to be under pressure, at least partially due to the fact that LBTYA flooded the market with the LILA shares it received as a result of the close of the Cable and Wireless (CWC) deal. That was a one-time issue that will not be repeated. From here, Liberty's experience in the region should allow the company to continue to grow organically and through acquisitions. In addition, now that the CWC deal has closed and the company can finally outline the expected synergies, we believe investors will soon recognize that the current valuation understates the combined value of legacy LILA and CWC by a wide margin.

Millicom International Cellular (Ticker: MIICF) is the leading cable and wireless provider in Colombia and Central America. The company is refocusing on its pole position in the quickly growing cable triple play market in Colombia, while shedding valuable but disparate African media assets under the direction of a new CEO who hails from Liberty Global. This past quarter's results caused a revaluation of next year's expected profitability due to a continued foreign exchange headwind in addition to slightly less positive organic growth in their core Colombian market that resulted from macroeconomic concerns. Looking past short-term noise, we still see a severely undervalued stock that is continuing to develop into a premier Latin American cable/telecom player.

VeriFone Systems (Ticker: PAY) is the leading provider of point of sale terminals across the country. Their hardware is located in most brick and mortar stores as well as in gas stations and any variety of small merchants across the world. The third quarter of 2016 represented a continued degradation in fundamentals of the business with North American growth stalled due to a delay in the mandated implementation of EMV technology at the small merchant level. This delay coupled with the ongoing restructuring of the core business contributed to a downward revision to expected 2017 growth and thus drove the stock lower. We see the short-term dislocation as a transitory situation and continue to view the long-term value of the company as significantly above its current trading price.

Leading our contributors, Liberty Media (Ticker: LMCA) is a holding companies whose major assets, as of a few weeks ago, consisted of its stake in Live Nation (Ticker: LYV), stake in Liberty Braves Group (Ticker: BATRA) and pile of cash. However, during the quarter LMCA announced a deal to acquire Formula One Racing for $4.4 billion. The company plans to finance the deal with existing cash, by raising some debt, and by issuing additional LMCA shares. Formula One is a high margin business that requires very limited capital investment and apparently has a lot of room for growth. The market was clearly pleased with the deal and the stock appreciated meaningfully after it was announced. Our research suggests that the addition of Formula One does increase the intrinsic value of LMCA and thus we remain comfortable with the position as it stands today.

Zebra Technologies (Ticker: ZBRA) is the combination of a legacy mobile printing business and a mobile computing business acquired in the merger with Motorola Solutions' enterprise business. The only news to come out over the past quarter was that the business was on track to meet its annual goals and that the company was shedding its wireless LAN unit in a move meant to continue to downsize and streamline Zebra's organization. Both events were favorable in the eyes of a market that was expecting worse news. We continue to expect the emergence of a top tier operating business following the completion of Zebra's integration of their Motorola assets as well as the eventual realization of the material upside we currently observe.

Avid Technologies (Ticker: AVID) is the leading provider of professional software for video and audio production through its Media Composer and Pro Tools product lines. The company has struggled in recent years to show any pickup in demand for their core products but managed to positively surprise people by posting better than expected results in the quarter. Due to the complex and variable nature of Avid's quarterly results we felt it prudent to reduce our position into the price rally. We see the company as directionally undervalued but continue to size the position according to its overall higher risk profile.

Unfortunately, we are still in the midst of establishing a few new positions, so we would like to limit our comments for now to saying, that we have been buying "two new niche industrial companies," a media company with some non-obvious

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off balance sheet assets, and what is essentially a shell company with material net operating losses which can create tremendous value if properly utilized.

In closing, we continue to pursue a time-tested strategy and closely adhere to what you have hired us to do: find an eclectic mix of business, value, and people combinations; think long-run; concentrate on our best ideas; and not get caught up in the nonsense du jour. Small cap investing is "fun" in this regard because there is always another pile next to our desk of new businesses to understand and new management teams that might be hell-bent on making shareholders money.

One note on taxes. We recognize that many of our shareholders are investing through taxable entities, and thus we do what we can to intelligently minimize capital gains in any given fiscal year without compromising long-term investment results. As of 10/07/16, our best estimate of capital gains is $0.88 per share, payable 11/10/16.*

We once again thank you for your confidence in our efforts and your portfolio, and Cove Street Capital employees remain large co-investors with you.

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.

* It is important to note that these distribution figures and distribution dates are estimates only and are subject to change. Actual distributions may be substantially different (higher or lower). Any tax or legal information provided is merely a summary of our understanding and interpretation of some of the current income tax regulations and it is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Funds nor any of its representatives may give legal or tax advice.

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Top 10 Holdings

Quarter Ending September 30, 2016 | Symbol CSCAX

FMC Corp	4.9 %
ViaSat Inc	4.9 %
Liberty Global PLC LiLAC – A	4.9 %
Liberty Media Corp CL – A	4.5 %
Heritage-Crystal Clean Inc	4.0 %
GP Strategies Corp	3.9 %
USG Corp	3.3 %
Avid Technology Inc	2.8 %
Halyard Health Inc	2.8 %
Belmond LTD	2.7 %

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. The Standard & Poor's 500® Index (S&P 500) is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors.

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