

Cove Street Capital Small Cap Value Fund

CSCAX



Annual Report
September 30, 2016



Letter to Shareholders (unaudited)

Dear Fellow Shareholder:

In the mutual fund world, this constitutes our “Annual Letter,” but as we write lengthy quarterly letters that provide shareholders with some fairly deep detail, it might be appropriate to step back once a year and focus on a bigger picture. Regular readers and longer term clients might notice a familiar refrain—also known as repetitiveness—but that is exactly the point with which we would like to leave you. The world remains ever bizarrely uncertain, and we are unlikely to be more of a guide to it than your favorite talking head. (OK, we can probably do a little better than that!) What we can do is stick to a flexibly disciplined and time-tested approach of value investing and not go zigging and zagging with the latest headline or trend du jour. It does not work in every time period, but it most certainly has worked over time.

As far as a brief comment on performance, we believe we’ve done “pretty well” net of fees and taxes, but we think we can do a lot better. As some older shareholders know, the Cove Street Capital born on date was July 1, 2011 and let’s just say there were issues at the predecessor firm that in retrospect were not ideal for our mission. History and research suggest that a concentrated approach, fundamental research, the small cap value space at large, and paying attention to after-tax returns are excellent pre-conditions for long-term performance. We intend to execute.

So let’s go back to the beginning. We are classic value investors in the tradition of Ben Graham and Warren Buffett, seeking superior long-term performance through the purchase of securities selling at prices materially below our estimate of intrinsic value. This process of “winning by not losing” helps to protect capital from permanent loss (as distinguished from “quotational risk”) and can put us on the correct side of the mathematics of compounding.

The Fund mirrors Cove Street Capital’s Classic Value | Small Cap strategy, which in proper verbiage is a “concentrated strategy that applies a fundamental, bottom-up stock selection process to a universe of approximately 3,600 U.S. companies with a market capitalization below \$5 billion, as well as a relevant universe of non-U.S. companies.” The portfolio generally holds 30 to 39 stocks. I am the Portfolio Manager and am responsible for the final portfolio decision. I am 54 years old, have been in the investment business since graduating college, and remain utterly absorbed in the endeavor much to the chagrin of my social life and 26-year marriage. Sector weightings are a result of the bottom-up approach, and no attempts are made in any way to replicate an easily available index. The employees, myself, and our extended families are multi-seven figure investors in the fund—we are on the same ship together.

And no one on the ship enjoys paying more fees than are, in any way, necessary. Our management fee is 0.85% on assets, and everything else is administrative—fees which can be substantial on smaller funds. For much of our past, we capped fees to investors and absorbed the overage from our management fee. Our current expense ratio is 1.22% for the year ended September 30, 2016.* More assets have helped lower fees, but over the past few years we have proactively eliminated all the bells and whistles that frankly always seemed unnecessary but were deemed “conventional” at our origin. We have gotten older, wiser, and more discriminating. We are less interested in being universally popular and available, and more interested in working with long-term partners that travel with us on our quest to deliver value. This is a small cap value fund and to paraphrase Ted Williams, our job is to try to generate the best returns, not to be the biggest, most widely-distributed fund.

And speaking of which, you might have noticed some financial press about “index funds and ETFs.” From the enlightened height of our own self-interest and also in yours, we would like to note the following. The more liquid, efficient, and broadly disseminated an asset class, the more it should be indexed. The larger your assets, the more you should consider indexing. The less you pay attention, the more you should index. Small cap value as an asset class is simply full of thousands of companies in which many receive little attention. Our ability to find something special is more probable if we turn over a lot of rocks which are infrequently turned. Your Fund remains small-ish—therefore we can take advantage of big firms’ fears of liquidity. We spend 5% of our time trying to talk management teams out of doing something stupid in regard to “creating liquidity so big firms trade.” Wall Street research was always bad—but at least it was a marketing tool for companies to let possible investors know of their existence. A dozen sell-side firms that we know of have folded in the past two years, and we love orphans.

We would also venture to opine that the process of picking your significant other or your favorite ice cream is slightly more discriminating than “any one will do.” You love Jaime and Caramel Crunch—not just people and ice cream. We similarly think conscious discrimination in favor of better and/or cheaper is entirely doable as the weighing machine always beats the voting machine. The more that people just blindly buy a pool of assets without discriminating, the more value there is to be added by discriminating. We believe we will be the last standing.

Our ability to differentiate also enables us to add value with every dollar that comes through our door. We buy what we view as our best values with new money—an index fund inherently buys everything in the index every day, with an emphasis on the relative size of a company in the index, a process which suggests buying what HAS done well, rather than what can do well. So if you are reading this, our guess is that you tend to agree—but a little reminder never hurts.

Letter to Shareholders (unaudited)

We recognize that the mix of our shareholders contains a fair number of taxable accounts and we do everything intelligently possible to minimize our realized gains. But sometimes we simply run out of losses to take and allocate against our gains, and sometimes takeovers close before our fiscal year-end or before they go long-term. We try. Our capital gains distribution for the 2016 Fiscal Year was \$0.46381 per share, all long-term gains.

Our view of the upcoming year remains remarkably similar to that of most years, and thus you won't mind if we repeat it. We come in the office looking for inefficiencies within public stock markets that we can attempt to take advantage of. Inefficiencies come from fairly obvious and consistent places that have remained remarkably unchanged over decades:

- Fears of the short-term;
- The inability of large funds to practically take positions in smaller companies;
- The difficulty of structuring an organization in a way that compensates its people to do actual research into smaller companies... and be willing to hold these companies in the face of short-term issues and in sufficient size in order to make a difference.

Our "edge" is simple:

We do not employ group decision-making—investment people contribute—PM makes final call.

We do not attempt to mimic indices or the portfolios or holdings of other well regarded money managers.

We do not adhere to an over-diversification policy that inevitably inhibits performance.

We will limit assets under management.

We record our decision process and build an honest intellectual history of our decision-making.

We are sure that the upcoming year will have more surprises in store, but not all of them will be bad. Having a good process, a good Best Regards,



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.

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. Please refer to the Schedule of Investments for a complete list of holdings.*

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.

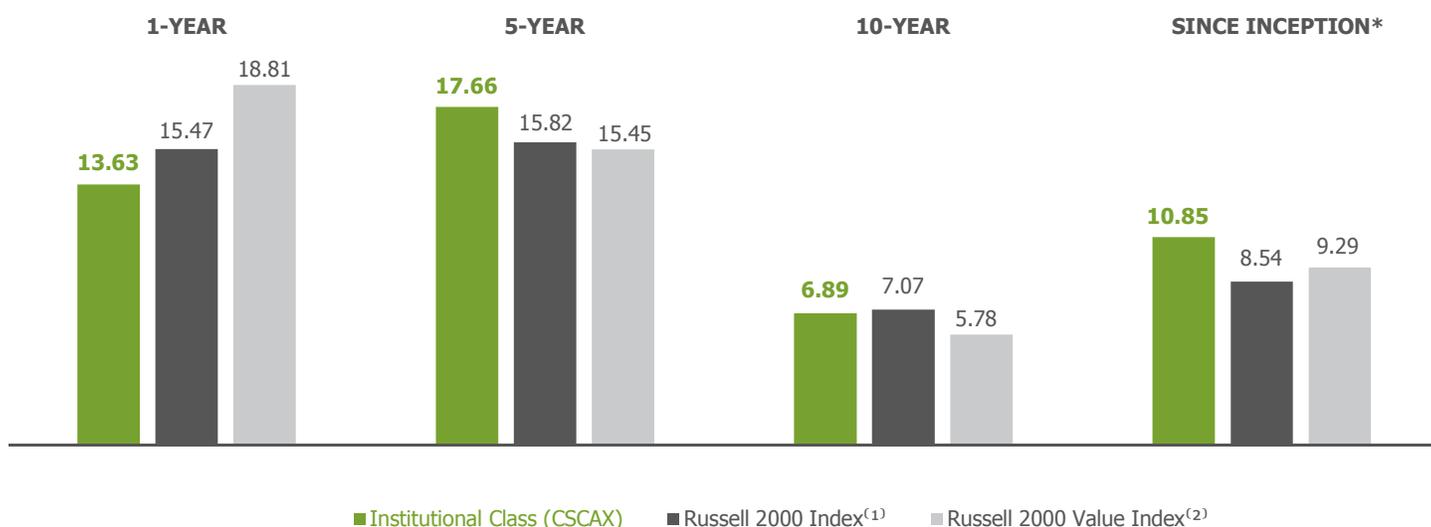
*As of the fund prospectus dated 01/28/16, the Fund's gross expense ratio is 1.42% and the net expense ratio is 1.26%. Cove Street Capital has contractually agreed through January 28, 2017 to reduce its management fees, and to potentially reimburse the Fund for its operating expenses, in order to ensure 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. Per the prospectus, management fees are 0.85%, other expenses are 0.56%. Acquired Fund Fees and Expenses are 0.01%, and fee reductions are -0.16%. As such, historically, investors have paid 1.26%.

Quotational risk is the potential for gains or losses based upon volatility in the trading price of a security, which in the near-term do not reflect fluctuations in the intrinsic value of the security's interest in the underlying assets but are the manifestation of other dynamics in the market. Any tax or legal information provided is merely a summary of our understanding and interpretation of some of the current income tax regulations and is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Fund nor any of its representatives may give legal or tax advice.

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.

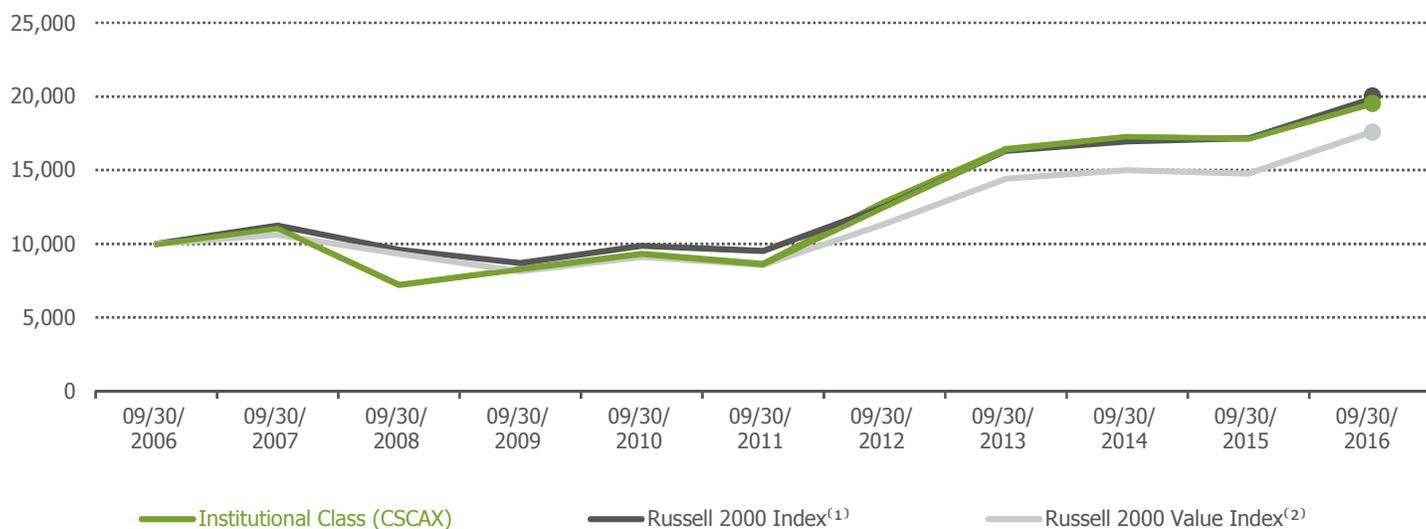
Institutional Class (CSCAX) Performance (unaudited)

RATES OF RETURN (%) — as of September 30, 2016



■ Institutional Class (CSCAX) ■ Russell 2000 Index⁽¹⁾ ■ Russell 2000 Value Index⁽²⁾

VALUE OF \$10,000 INVESTMENT — as of September 30, 2016



— Institutional Class (CSCAX) — Russell 2000 Index⁽¹⁾ — Russell 2000 Value Index⁽²⁾

(1) The Russell 2000® Index is a market capitalization-weighted index comprised of the 2,000 smallest companies listed on the Russell 3000® Index, which contains the 3,000 largest companies in the U.S. based on market capitalization.

(2) The Russell 2000® Value Index measures the performance of the small cap value segment of U.S. equity securities. It includes those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values.

* The Institutional Class commenced operations on October 3, 2001. The performance results for the Institutional Class reflect the performance of the Investor Class shares from September 30, 1998 through October 2, 2001. The Investor Class subsequently closed, effective November 25, 2015.

Returns for periods greater than one year are annualized.

Past performance does not guarantee future results. Graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

Expense Example — September 30, 2016 (unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, which may include but are not limited to, redemption fees, and (2) ongoing costs, including management fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (April 1, 2016 – September 30, 2016).

ACTUAL EXPENSES

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expense that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if transactional costs were included, your costs may have been higher.

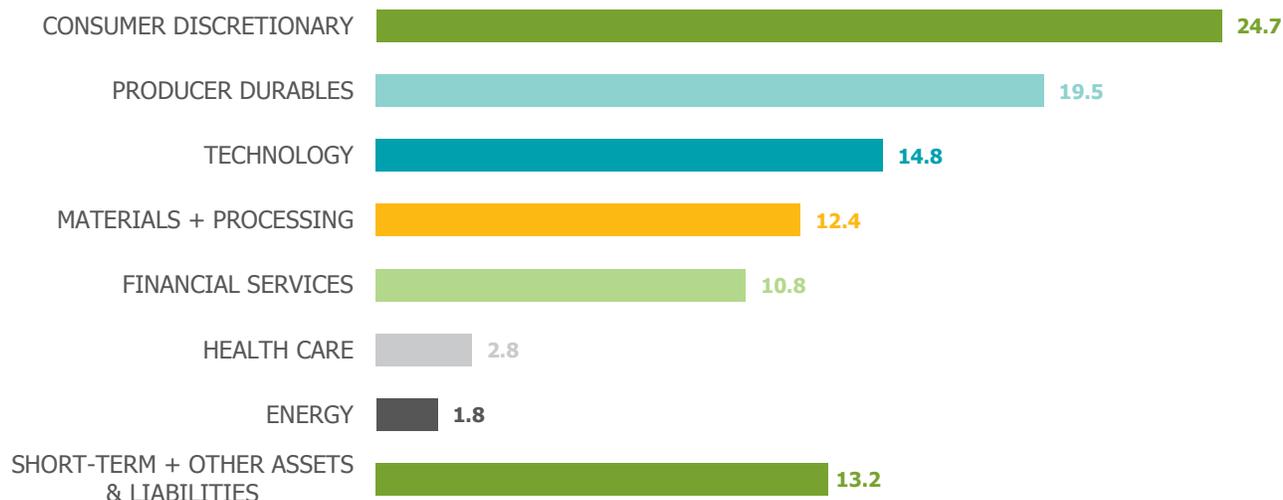
	BEGINNING ACCOUNT VALUE 4/1/2016	ENDING ACCOUNT VALUE 9/30/2016	EXPENSES PAID DURING PERIOD ⁽¹⁾ 4/1/2016 - 9/30/2016
Institutional Class Actual ⁽²⁾	\$1,000.00	\$1,043.90	\$6.13
Institutional Class Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,019.00	\$6.06

⁽¹⁾ Expenses are equal to the Fund's annualized expense ratio for the most recent six-month period of 1.20% multiplied by the average account value over the period, multiplied by 183/366 to reflect the one-half year period.

⁽²⁾ Based on the actual returns for the six-month period ended September 30, 2016 of 4.39%.

Holdings Presentation (unaudited)

SECTOR ALLOCATION — (% net of assets) as of September 30, 2016⁽¹⁾



TOP 10 EQUITY HOLDINGS — (% net of assets) as of September 30, 2016⁽¹⁾

FMC	4.9 %
ViaSat	4.9 %
Liberty Global, Class A	4.9 %
Liberty Media Group, Class A	4.5 %
Heritage-Crystal Clean	4.0 %
GP Strategies	3.9 %
USG	3.3 %
Avid Technology	2.8 %
Halyard Health	2.8 %
Belmond, Class A	2.7 %

⁽¹⁾ Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

Schedule of Investments — September 30, 2016

COMMON STOCKS — 86.8%	SHARES	VALUE
CONSUMER DISCRETIONARY — 24.7%		
Belmond, Class A *	258,200	\$3,281,722
Carrols Restaurant Group *	220,200	2,908,842
Cherokee *	202,400	2,084,720
E.W. Scripps, Class A *	178,900	2,844,510
Entravision Communications, Class A	237,461	1,811,827
EVINE Live *	763,448	1,748,296
Golden Entertainment	55,750	695,203
Liberty Global, Class A *	210,900	5,818,731
Liberty Media Group, Class A *	186,500	5,343,225
Tupperware Brands	46,000	3,007,020
		29,544,096
ENERGY — 1.8%		
Carbon Natural Gas * (a)	550,000	110,000
WPX Energy *	152,700	2,014,113
		2,124,113
FINANCIAL SERVICES — 10.8%		
Baldwin & Lyons, Class B	78,310	2,007,085
Dundee, Class A *	430,400	2,238,080
Equity Commonwealth - REIT *	95,700	2,892,054
Forestar Group *	236,400	2,768,244
Hallmark Financial Services *	298,678	3,073,397
		12,978,860
HEALTH CARE — 2.8%		
Halyard Health *	96,500	3,344,690
MATERIALS + PROCESSING — 12.4%		
American Vanguard	189,400	3,041,764
FMC	122,100	5,902,314
UFP Technologies *	72,650	1,925,225
USG *	154,000	3,980,900
		14,850,203

See Notes to Financial Statements.

Schedule of Investments — September 30, 2016 (continued)

COMMON STOCKS — 86.8%	SHARES	VALUE
PRODUCER DURABLES — 19.5%		
Colfax *	75,600	\$2,376,108
CSW Industrials *	83,124	2,692,387
Franklin Electric	40,900	1,665,039
GP Strategies *	191,900	4,724,578
Heritage-Crystal Clean *	364,300	4,837,904
Raven Industries	52,106	1,200,001
Wesco Aircraft Holdings *	214,100	2,875,363
Zebra Technologies, Class A *	42,500	2,958,425
		23,329,805
TECHNOLOGY — 14.8%		
Avid Technology *	427,000	3,390,380
Great Elm Capital Group *	61,500	288,435
Millicom International Cellular	57,700	3,011,940
Novanta *	127,000	2,203,450
VeriFone Systems *	180,200	2,836,348
ViaSat *	78,000	5,822,700
Westell Technologies, Class A *	233,353	119,593
		17,672,846
Total Common Stocks (Cost \$93,310,960)		103,844,613
SHORT-TERM INVESTMENT — 14.2%		
The Government TaxAdvantage Portfolio, Institutional Class, 0.12% ^ (Cost \$16,968,773)	16,968,773	16,968,773
TOTAL INVESTMENTS — 101.0% (Cost \$110,279,733)		120,813,386
Other Assets and Liabilities, Net — (1.0)%		(1,152,064)
TOTAL NET ASSETS — 100.0%		\$ 119,661,322

* Non-income producing security.

(a) Security considered illiquid and is categorized in Level 2 of the fair value hierarchy. See notes 2 and 3 in Notes to Financial Statements.

^ The rate shown is the annualized seven day effective yield as of September 30, 2016.

REIT — Real Estate Investment Trust

See Notes to Financial Statements.

Statement of Assets and Liabilities — September 30, 2016

ASSETS:

Investments, at value (cost \$110,279,733)	\$ 120,813,386
Receivable for capital shares sold	75,991
Dividends and interest receivable	54,317
Prepaid expenses	28,403
Total assets	120,972,097

LIABILITIES:

Payable for investment securities purchased	989,120
Payable for capital shares redeemed	172,102
Payable to investment adviser	62,443
Payable for fund administration & accounting fees	19,803
Payable for compliance fees	1,997
Payable for custody fees	2,395
Payable for transfer agent fees & expenses	29,496
Payable for trustee fees	2,643
Accrued expenses	30,776
Total liabilities	1,310,775

NET ASSETS:

\$ 119,661,322

NET ASSETS CONSIST OF:

Paid-in capital	\$ 107,941,790
Accumulated net investment loss	(224,337)
Accumulated undistributed net realized gain on investments	1,410,216
Net unrealized appreciation on investments	10,533,653
Net Assets	\$ 119,661,322

Shares issued and outstanding ⁽¹⁾	3,498,153
Net asset value, redemption price and offering price per share ⁽²⁾	\$ 34.21

⁽¹⁾ Unlimited shares authorized.

⁽²⁾ A redemption fee of 2.00% is assessed against shares redeemed within 60 days of purchase.

See Notes to Financial Statements.

Statement of Operations — for the Year Ended September 30, 2016

INVESTMENT INCOME:

Dividend income	\$ 422,412
Less: foreign taxes withheld	(6,376)
Interest income	17,273
Total investment income	433,309

EXPENSES:

Investment adviser fees (See note 4)	504,039
Transfer agent fees & expenses (See note 4)	110,214
Fund administration & accounting fees (See note 4)	87,213
Federal and state registration fees	43,583
Audit fees	16,995
Postage & printing fees	12,823
Compliance fees (See note 4)	11,996
Legal fees	11,877
Custody fees (See note 4)	9,951
Trustee fees (See note 4)	9,763
Other	6,459
Distribution fees - Investor Class* (See note 5)	10,737
Total expenses before reimbursement	835,650
Less: Reimbursement from investment adviser (See note 4)	(93,256)
Net Expenses	742,394

NET INVESTMENT LOSS:

(309,085)

REALIZED AND UNREALIZED GAIN ON INVESTMENTS:

Net realized gain on investments	3,059,783
Net change in unrealized appreciation on investments	5,695,844
Net realized and unrealized gain on investments	8,755,627

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS

\$ 8,446,542

*Investor Class shares converted to Institutional Class shares on November 25, 2015 (See Note 1).

See Notes to Financial Statements.

Statements of Changes in Net Assets

	YEAR ENDED SEPTEMBER 30, 2016	YEAR ENDED SEPTEMBER 30, 2015
OPERATIONS:		
Net investment loss	\$ (309,085)	\$ (380,394)
Net realized gain on investments	3,059,783	2,535,030
Net change in unrealized appreciation on investments	5,695,844	(2,229,984)
Net increase (decrease) in net assets from operations	8,446,542	(75,348)
CAPITAL SHARE TRANSACTIONS:		
Investor Class*:		
Proceeds from shares sold	552,866	3,779,878
Proceeds from reinvestments of distributions	1,150,771	2,470,920
Cost of shares exchanged for Institutional Class shares*	(27,921,820)	—
Payments for shares redeemed	(555,085)	(7,707,675)
Redemption fees	179	554
Decrease in net assets resulting from Investor Class transactions	(26,773,089)	(1,456,323)
Institutional Class:		
Proceeds from shares sold	94,492,691	5,922,957
Proceeds from reinvestments of distributions	373,975	1,936,690
Cost of shares issued in exchange for Investor Class shares*	27,921,820	—
Payments for shares redeemed	(27,725,210)	(5,410,494)
Redemption fees	3,038	369
Increase in net assets resulting from Institutional Class transactions	95,066,314	2,449,522
Increase in net assets resulting from capital share transactions	68,293,225	993,199
DISTRIBUTIONS TO SHAREHOLDERS:		
From net realized gain on investments:		
Investor Class*:	(1,412,098)	(3,443,759)
Institutional Class:	(377,687)	(2,016,078)
Total distributions to shareholders	(1,789,785)	(5,459,837)
TOTAL INCREASE (DECREASE) IN NET ASSETS	74,949,982	(4,541,986)
NET ASSETS:		
Beginning of year	44,711,340	49,253,326
End of year, including accumulated net investment loss of \$(224,337) and \$(344,643), respectively	\$ 119,661,322	\$ 44,711,340

*Investor Class shares converted to Institutional Class shares on November 25, 2015 (See Note 1).

See Notes to Financial Statements.

Financial Highlights (for a Fund Share Outstanding Throughout the Year)

INSTITUTIONAL CLASS (CSCAX)

	YEAR ENDED SEPTEMBER 30,				
	2016	2015	2014	2013	2012
PER SHARE DATA:					
Net asset value, beginning of year	\$31.66	\$35.53	\$36.53	\$28.53	\$19.18
Investment operations:					
Net investment loss	(0.15) ⁽¹⁾	(0.21)	(0.20)	(0.12)	(0.07)
Net realized and unrealized gain on investments	4.33	0.20	2.02	8.12	9.42
Total from investment operations	4.18	(0.01)	1.82	8.00	9.35
Less distributions:					
From net realized gains	(1.63)	(3.86)	(2.82)	—	—
Total distributions	(1.63)	(3.86)	(2.82)	—	—
Paid-in capital from redemption fees	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾	—	—
Net asset value, end of year	\$34.21	\$31.66	\$35.53	\$36.53	\$28.53
TOTAL RETURN	13.63%	-0.57%	4.78%	28.04%	48.75%
SUPPLEMENTAL DATA AND RATIOS:					
Net assets, end of year (in millions)	\$119.7	\$18.4	\$18.1	\$21.6	\$7.2
Ratio of expenses to average net assets:					
Before expense reimbursement/recoupment	1.38%	1.41%	1.34%	1.54%	1.87%
After expense reimbursement/recoupment	1.22%	1.40%	1.39%	1.44%	1.40%
Ratio of net investment loss to average net assets:					
After expense reimbursement/recoupment	(0.45)%	(0.63)%	(0.45)%	(0.62)%	(0.56)%
Portfolio turnover rate	85%	107%	77%	72%	67%

⁽¹⁾ Per share amounts are calculated using the average shares outstanding method.

⁽²⁾ Amount per share is less than \$0.01.

See Notes to Financial Statements.



Notes to Financial Statements — September 30, 2016

1. ORGANIZATION

Managed Portfolio Series (the "Trust") was organized as a Delaware statutory trust on January 27, 2011. The Trust is registered under the Investment Company Act of 1940 (the "1940 Act"), as amended, as an open-end management investment company. The Cove Street Capital Small Cap Value Fund (the "Fund"), formerly known as CSC Small Cap Value Fund, is a diversified series with its own investment objectives and policies within the Trust. The investment objective of the Fund is capital appreciation. The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946 Financial Services – Investment Companies. The Fund commenced operations on September 30, 1998. The Fund currently offers only Institutional Class shares. Effective November 25, 2015, the Fund ceased offering its Investor Class shares. The remaining Investor Class shares were converted to Institutional Class shares at the close of business on November 25, 2015. The Fund may issue an unlimited number of shares of beneficial interest, with no par value.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in preparation of its financial statements. These policies are in conformity with generally accepted accounting principles in the United States of America ("GAAP").

Security Valuation — All investments in securities are recorded at their estimated fair value, as described in Note 3.

Federal Income Taxes — The Fund complies with the requirements of subchapter M of the Internal Revenue Code of 1986, as amended, necessary to qualify as a regulated investment company and distributes substantially all net taxable investment income and net realized gains to shareholders in a manner which results in no tax cost to the Fund. Therefore, no federal income tax or excise tax provision is required. As of and during the year ended September 30, 2016, the Fund did not have any tax positions that did not meet the "more-likely-than-not" threshold of being sustained by the applicable tax authority. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits on uncertain tax positions as income tax expense in the Statement of Operations. During the year ended September 30, 2016, the Fund did not incur any interest or penalties.

Security Transactions, Income, and Distributions — The Fund follows industry practice and records security transactions on the trade date. Realized gains and losses on sales of securities are calculated on the basis of identified cost. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and regulations. Discounts and premiums on securities purchased are amortized over the expected life of the respective securities.

The Fund distributes substantially all net investment income, if any, and net realized capital gains, if any, at least annually. Distributions to shareholders are recorded on the ex-dividend date. The treatment for financial reporting purposes of distributions made to shareholders during the year from net investment income or net realized capital gains may differ from their ultimate treatment for federal income tax purposes. These differences are caused primarily by differences in the timing of the recognition of certain components of income, expense or realized capital gain for federal income tax purposes. The Fund may utilize earnings and profits distributed to shareholders on redemptions of shares as part of the dividend paid deduction. Where such differences are permanent in nature, GAAP requires that they be reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations or net asset values per share of the Fund. For the year ended September 30, 2016, the Fund decreased accumulated net investment loss by \$429,391, decreased accumulated undistributed net realized gain by \$1,691,053, and increased paid-in capital by \$1,261,662.

Use of Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allocation of Income, Expenses and Gains/Losses — Prior to November 25, 2015, income, expenses (other than those deemed attributable to a specific share class), and gains and losses of the Fund were allocated daily to each class of shares based upon the ratio of net assets represented by each class as a percentage of the net assets of the Fund. Expenses deemed directly

Notes to Financial Statements — September 30, 2016

attributable to a class of shares were recorded by the specific class. Most Fund expenses were allocated by class based on relative net assets. 12b-1 fees were expensed at 0.25% of average daily net assets of the Investor Class shares. Expenses associated with a specific fund in the Trust are charged to that fund. Common Trust expenses are typically allocated evenly between the funds of the Trust, or by other equitable means.

Illiquid Securities — A security may be considered illiquid if it lacks a readily available market. Securities are generally considered liquid if they can be sold or disposed of in the ordinary course of business within seven days at approximately the price at which the security is valued by the Fund. Illiquid securities may be valued under methods approved by the Board of Trustees as reflecting fair value. The Fund will not hold more than 15% of the value of its net assets in illiquid securities. At September 30, 2016, the Fund had investments in illiquid securities with a total value of \$110,000 or 0.1% of total net assets.

Information concerning illiquid securities is as follows:

SECURITY	SHARES	DATE ACQUIRED	COST BASIS
Carbon Natural Gas	550,000	2/2012	\$195,250

3. SECURITIES VALUATION

The Fund has adopted authoritative fair value accounting standards which establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value, a discussion of changes in valuation techniques and related inputs during the period and expanded disclosure of valuation levels for major security types. These inputs are summarized in the three broad levels listed below:

- Level 1** — Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2** — Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3** — Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

Following is a description of the valuation techniques applied to the Fund's major categories of assets and liabilities measured at fair value on a recurring basis. The Fund's investments are carried at fair value.

Equity Securities — Equity securities that are primarily traded on a national securities exchange are valued at the last sale price on the exchange on which they are primarily traded on the day of valuation or, if there has been no sale on such day, at the mean between the bid and ask prices. Securities traded primarily in the Nasdaq Global Market System for which market quotations are readily available are valued using the Nasdaq Official Closing Price ("NOCP"). If the NOCP is not available, such securities are valued at the last sale price on the day of valuation, or if there has been no sale on such day, at the mean between the bid and ask prices. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. If the market for a particular security is not active, and the mean between bid and ask prices is used, these securities are categorized in Level 2 of the fair value hierarchy.

Short-Term Investments — Investments in other mutual funds, including money market funds, are valued at their net asset value per share. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

Securities for which market quotations are not readily available, or if the closing price does not represent fair value, are valued following procedures approved by the Board of Trustees. These procedures consider many factors, including the type of security,

Notes to Financial Statements — September 30, 2016

size of holding, trading volume and news events. There can be no assurance that the Fund could obtain the fair value assigned to a security if they were to sell the security at approximately the time at which the Fund determines their net asset values per share. The Board of Trustees has established a Valuation Committee to administer, implement, and oversee the fair valuation process, and to make fair value decisions when necessary. The Board of Trustees regularly reviews reports that describe any fair value determinations and methods.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Fund's securities as of September 30, 2016:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Common Stocks	\$103,734,613	\$110,000	\$ -	\$103,844,613
Short-Term Investment	16,968,773	-	-	16,968,773
Total Investments in Securities	\$120,703,386	\$110,000	\$ -	\$120,813,386

Transfers between levels are recognized at the end of the reporting period. During the year ended September 30, 2016, the Fund recognized no transfers between any Levels. The Fund did not invest in any Level 3 investments during the year. Refer to the Schedule of Investments for further information on the classification of investments.

4. INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

The Trust has an agreement with Cove Street Capital, LLC ("the Adviser") to furnish investment advisory services to the Fund. Pursuant to an Investment Advisory Agreement between the Trust and the Adviser, the Adviser is entitled to receive, on a monthly basis, an annual advisory fee equal to 0.85% of the Fund's average daily net assets.

The Fund's Adviser has contractually agreed to waive a portion or all of its management fees and/or reimburse the Fund for its expenses to ensure that total annual operating expenses (excluding acquired fund fees and expenses, interest, taxes, brokerage commissions and extraordinary expenses) do not exceed 1.25% of the average daily net assets. Prior to November 25, 2015, the annual expense limitation was 1.44% of the average daily net assets of the Institutional class shares. Fees waived and expenses reimbursed by the Adviser may be recouped by the Adviser for a period of three fiscal years following the fiscal year during which such waiver or reimbursement was made if such recoupment can be achieved without exceeding the expense limit in effect at the time the waiver and reimbursement occurred. The Operating Expenses Limitation Agreement is intended to be continual in nature and cannot be terminated within a year after the effective date of the Fund's prospectus. After that date, the agreement may be terminated at any time upon 60 days' written notice by the Trust's Board of Trustees or the Adviser, with the consent of the Board. At September 30, 2016, the balance of previously waived fees eligible for recoupment was \$96,968, of which \$3,712 expires September 30, 2018, and \$93,256 expires September 30, 2019. Effective February 20, 2014, the Adviser has elected to forego the recoupment of waived fees in order to reduce the annual operating expense of the Fund. This election is voluntary, and the Adviser retains the right to recoup these previously waived expenses in the future.

U.S. Bancorp Fund Services, LLC ("USBFS" or the "Administrator") acts as the Fund's Administrator, Transfer Agent, and Fund Accountant. U.S. Bank N.A. (the "Custodian") serves as the custodian to the Fund. The Custodian is an affiliate of the Administrator. The Administrator performs various administrative and accounting services for the Fund. The Administrator prepares various federal and state regulatory filings, reports and returns for the Fund; prepares reports and materials to be supplied to the Trustees; monitors the activities of the Fund's custodian; coordinates the payment of the Fund's expenses and reviews the Fund's expense accruals. The officers of the Trust, including the Chief Compliance Officer, are employees of the Administrator. A Trustee of the Trust is an officer of the Administrator. As compensation for its services, the Administrator is entitled to a monthly fee at an annual rate based upon the average daily net assets of the Fund, subject to annual minimums. Fees paid by the Fund for administration and accounting, transfer agency, custody and compliance services for the year ended September 30, 2016, are disclosed in the Statement of Operations.

Quasar Distributors, LLC (the "Distributor") acts as the Fund's principal underwriter in a continuous public offering of the Fund's shares. The Distributor is an affiliate of the Administrator. A Trustee of the Trust is an interested person of the Distributor.

Notes to Financial Statements — September 30, 2016

5. DISTRIBUTION COSTS

The Fund had previously adopted a Distribution Plan pursuant to Rule 12b-1 (the "Plan") in the Investor Class only. The Plan permits the Fund to pay for distribution and related expenses at an annual rate of 0.25% of the Investor Class average daily net assets. The expenses covered by the Plan may include the cost of preparing and distributing prospectuses and other sales material, advertising and public relations expenses, payments to financial intermediaries and compensation of personnel involved in selling shares of the Fund. For the year ended September 30, 2016, the Investor Class incurred expenses of \$10,737 pursuant to the Plan. As described in Note 1, the Investor Class was closed as of November 25, 2015 and there will be no further 12b-1 fees accrued in the Fund.

6. CAPITAL SHARE TRANSACTIONS

Transactions in shares of the Fund were as follows:

TRANSACTIONS IN SHARES:	FOR THE YEAR ENDED SEPTEMBER 30, 2016	FOR THE YEAR ENDED SEPTEMBER 30, 2015
Investor Class*:		
Shares sold	17,272	116,758
Shares issued to holders in reinvestment of dividends	37,867	76,737
Shares exchanged for Institutional Class shares*	(900,309)	-
Shares redeemed	(17,413)	(233,501)
Decrease in Investor Class shares outstanding	(862,583)	(40,006)
Institutional Class:		
Shares sold	2,877,286	174,648
Shares issued to holders in reinvestment of dividends	11,853	58,176
Shares issued in exchange for Investor Class shares*	867,046	-
Shares redeemed	(837,644)	(162,844)
Increase in Institutional Class shares outstanding	2,918,541	69,980
Net increase in shares outstanding	2,055,958	29,974

*Investor Class shares converted to Institutional Class shares on November 25, 2015.

Notes to Financial Statements — September 30, 2016

7. INVESTMENT TRANSACTIONS

The aggregate purchases and sales, excluding short-term investments, by the Fund for the year ended September 30, 2016, were as follows:

	PURCHASES	SALES
U.S. Government	\$-	\$-
Other	\$97,118,239	\$45,408,602

8. INCOME TAX INFORMATION

The aggregate gross unrealized appreciation and depreciation of securities held by the Fund and the total cost of securities for federal income tax purposes at September 30, 2016, the Fund's most recently completed fiscal year-end, were as follows:

AGGREGATE GROSS APPRECIATION	AGGREGATE GROSS DEPRECIATION	NET APPRECIATION	FEDERAL INCOME TAX COST
\$13,363,384	\$(3,040,302)	\$10,323,082	\$110,490,304

The difference between book-basis and tax-basis unrealized appreciation is attributable primarily to the deferral of wash sale losses.

At September 30, 2016, the Fund's components of accumulated earnings (deficit) on a tax-basis were as follows:

UNDISTRIBUTED ORDINARY INCOME	UNDISTRIBUTED LONG-TERM CAPITAL GAIN	OTHER ACCUMULATED LOSSES	UNREALIZED APPRECIATION	TOTAL ACCUMULATED EARNINGS
\$-	\$1,620,787	\$(224,337)	\$10,323,082	\$11,719,532

A regulated investment company may elect for any taxable year to treat any portion of any qualified late year loss as arising on the first day of the next taxable year. Qualified late year losses are certain capital and ordinary losses which occur during the portion of a Fund's taxable year subsequent to October 31. For the taxable year ended September 30, 2016, the Fund deferred, on a tax basis, late year ordinary losses of \$224,337. As of September 30, 2016, the Fund had no capital loss carryforwards.

For the year ended September 30, 2016, the Fund paid the following distributions to shareholders:

	ORDINARY INCOME*	LONG-TERM CAPITAL GAINS	TOTAL
Amount in dollars	\$-	\$1,789,785	\$1,789,785
Amount per share	\$-	\$1.62876	\$1.62876

For the year ended September 30, 2015, the Fund paid the following distributions to shareholders:

	ORDINARY INCOME*	LONG-TERM CAPITAL GAINS	TOTAL
Amount in dollars	\$2,439,604	\$3,020,233	\$5,459,837
Amount per share	\$1.72335	\$2.13350	\$3.85685

*For federal income tax purposes, distributions of short-term capital gains are treated as ordinary income distributions.

Notes to Financial Statements — September 30, 2016

9. SUBSEQUENT EVENT

On November 10, 2016, the Fund paid a long-term capital gain distribution in the amount of \$1,620,808, or \$0.46381 per share.

Management has performed an evaluation of subsequent events through the date financial statements were issued and has determined that no additional items require recognition or disclosure.

10. CONTROL OWNERSHIP

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the fund, under Section 2(a)(9) of the Investment Company Act of 1940. As of September 30, 2016, Charles Schwab & Co., for the benefit of its customers, owned 42.1% of the outstanding shares of the Fund.

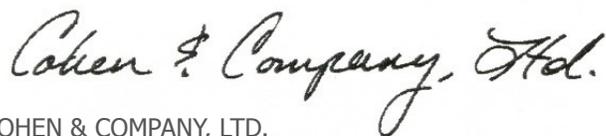
Report of Independent Registered Public Accounting Firm

TO THE SHAREHOLDERS OF COVE STREET CAPITAL SMALL CAP VALUE FUND AND BOARD OF TRUSTEES OF MANAGED PORTFOLIO SERIES

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Cove Street Capital Small Cap Value Fund (the "Fund"), a series of Managed Portfolio Series, as of September 30, 2016, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of September 30, 2016, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Cove Street Capital Small Cap Value Fund as of September 30, 2016, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.



COHEN & COMPANY, LTD.
Cleveland, Ohio
November 22, 2016

Additional Information (unaudited)

NAME, ADDRESS, AND AGE	POSITION(S) HELD WITH THE TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	NUMBER OF PORTFOLIOS IN TRUST OVERSEEN BY TRUSTEE	PRINCIPAL OCCUPATION(S) DURING THE PAST FIVE YEARS	OTHER DIRECTORSHIPS HELD BY TRUSTEE DURING THE PAST FIVE YEARS
INDEPENDENT TRUSTEES					
Leonard M. Rush, CPA 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1946	Lead Independent Trustee and Audit Committee Chairman	Indefinite Term; Since April 2011	36	Retired, Chief Financial Officer, Robert W. Baird & Co. Incorporated, (2000-2011)	Independent Trustee, ETF Series Solutions (15 Portfolios) (2012-Present); Director, Anchor Bancorp Wisconsin, Inc. (2011-2013)
David A. Massart 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1967	Trustee and Valuation Committee Chairman	Indefinite Term; Since April 2011	36	Co-Founder and Chief Investment Strategist, Next Generation Wealth Management, Inc. (2005-present)	Independent Trustee, ETF Series Solutions (15 Portfolios) (2012-Present)
David M. Swanson 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1957	Trustee	Indefinite Term; Since April 2011	36	Founder and Managing Principal, SwanDog Strategic Marketing, LLC (2006-present); Executive Vice President, Calamos Investments (2004-2006)	Independent Trustee, ALPS Variable Investment Trust (9 Portfolios) (2006-Present); Independent Trustee, RiverNorth Opportunities Closed-End Fund (2015-Present)

INTERESTED TRUSTEES

Robert J. Kern* 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1958	Chairman and Trustee	Indefinite Term; Since January 2011	36	Executive Vice President, U.S. Bancorp Fund Services, LLC (1994-present)	None
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OFFICERS

James R. Arnold 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1958	President and Principal Executive Officer	Indefinite Term; Since January 2011	N/A	Senior Vice President, U.S. Bancorp Fund Services, LLC (2002-present)	N/A
Deborah Ward 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1966	Vice President, Chief Compliance Officer, and Anti-Money Laundering Officer	Indefinite Term; Since April 2013	N/A	Senior Vice President, U.S. Bancorp Fund Services, LLC (2004-present)	N/A

* Mr. Kern is an "interested person" of the Trust as defined by the 1940 Act by virtue of the fact that he is an interested person of Quasar Distributors, LLC, the Fund's principal underwriter.

Additional Information (unaudited)

NAME, ADDRESS, AND AGE	POSITION(S) HELD WITH THE TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	NUMBER OF PORTFOLIOS IN TRUST OVERSEEN BY TRUSTEE	PRINCIPAL OCCUPATION(S) DURING THE PAST FIVE YEARS	OTHER DIRECTORSHIPS HELD BY TRUSTEE DURING THE PAST FIVE YEARS
OFFICERS (continued)					
Brian R. Wiedmeyer 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1973	Treasurer and Principal Financial Officer	Indefinite Term; Since January 2011	N/A	Vice President, U.S. Bancorp Fund Services, LLC (2005-present)	N/A
Jeanine M. Bajczyk, Esq. 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1965	Secretary	Indefinite Term; Since August 2015	N/A	Senior Vice President and Counsel, U.S. Bancorp Fund Services, LLC (2006-Present)	N/A
Thomas A. Bausch, Esq. 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1979	Assistant Secretary	Indefinite Term; Since May 2016	N/A	Assistant Vice President, U.S. Bancorp Fund Services, LLC (2016-Present); Associate, Godfrey & Kahn S.C. (2012-2016); Graduate, University of Wisconsin Law School (2009-2012)	N/A
Ryan L. Roell 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1973	Assistant Treasurer	Indefinite Term; Since September 2012	N/A	Assistant Vice President, U.S. Bancorp Fund Services, LLC (2005-Present)	N/A
Benjamin Eirich 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1981	Assistant Treasurer	Indefinite Term; Since May 2016	N/A	Assistant Vice President, U.S. Bancorp Fund Services, LLC (2008-Present)	N/A
Doug Schafer 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1970	Assistant Treasurer	Indefinite Term; Since May 2016	N/A	Assistant Vice President, U.S. Bancorp Fund Services, LLC (2002-Present)	N/A

Additional Information (unaudited)

AVAILABILITY OF FUND PORTFOLIO INFORMATION

The Fund files complete schedules of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q, which is available on the SEC's website at www.sec.gov. The Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. For information on the Public Reference Room call 1-800-SEC-0330. In addition, the Fund's Form N-Q is available without charge upon request by calling 1-866-497-0097.

AVAILABILITY OF FUND PROXY VOTING INFORMATION

A description of the Fund's Proxy Voting Policies and Procedures is available without charge, upon request, by calling 1-866-497-0097. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12 month period ended June 30, is available (1) without charge, upon request, by calling 1-888-621-9258, or (2) on the SEC's website at www.sec.gov.

Privacy Notice

The Fund collects only relevant information about you that the law allows or requires it to have in order to conduct its business and properly service you. The Fund collects financial and personal information about you ("Personal Information") directly (e.g., information on account applications and other forms, such as your name, address, and social security number, and information provided to access account information or conduct account transactions online, such as password, account number, e-mail address, and alternate telephone number), and indirectly (e.g., information about your transactions with us, such as transaction amounts, account balance and account holdings).

The Fund does not disclose any non-public personal information about its shareholders or former shareholders other than for everyday business purposes such as to process a transaction, service an account, respond to court orders and legal investigations or as otherwise permitted by law. Third parties that may receive this information include companies that provide transfer agency, technology and administrative services to the Fund, as well as the Fund's investment adviser who is an affiliate of the Fund. If you maintain a retirement/educational custodial account directly with the Fund, we may also disclose your Personal Information to the custodian for that account for shareholder servicing purposes. The Fund limits access to your Personal Information provided to unaffiliated third parties to information necessary to carry out their assigned responsibilities to the Fund. All shareholder records will be disposed of in accordance with applicable law. The Fund maintains physical, electronic and procedural safeguards to protect your Personal Information and requires its third party service providers with access to such information to treat your Personal Information with the same high degree of confidentiality.

In the event that you hold shares of the Fund through a financial intermediary, including, but not limited to, a broker-dealer, credit union, bank or trust company, the privacy policy of your financial intermediary governs how your non-public personal information is shared with unaffiliated third parties.

COVE STREET CAPITAL  Funds

Investment
Adviser

Cove Street Capital, LLC
2101 E El Segundo Boulevard
Suite 302
El Segundo, CA 90245

Distributor

Quasar Distributors, LLC
615 East Michigan Street
Milwaukee, WI 53202

Custodian

U.S. Bank N.A.
1555 North Rivercenter Drive
Milwaukee, WI 53212

Administrator,
Fund Accountant,
and Transfer Agent

U.S. Bancorp Fund Services, LLC
615 E. Michigan Street
Milwaukee, WI 53202

Independent
Registered Public
Accounting Firm

Cohen & Company, Ltd.
1350 Euclid Avenue, Suite 800
Cleveland, OH 44115

Legal Counsel

**Stradley Ronon Stevens
& Young, LLP**
2005 Market Street, Suite 2600
Philadelphia, PA 19103

This report should be accompanied or preceded by a prospectus.

The Fund's Statement of Additional Information contains additional information about the Fund's trustees and is available without charge upon request by calling 1-866-497-0097.