Letter to Shareholders

September 30, 2021

C S C A X

GREETINGS FELLOW SHAREHOLDER:

We continue to live in interesting times, but clearly the times have become more interesting as our performance has continued to progress for the past year in a more pleasing absolute and relative direction: The Value Resurrection Project, as we call it.

Our mid-year reflections tend to be more brief so we will provide a quick summation up front: the same issues regarding the "asylum" in Washington, DC; the direction of inflation/interest rates at large; and the availability of near limitless credit being thrown at nearly anything have been—and remain—the dominant themes. While we have "informed and thoughtful" opinions on said subject matters, so does everyone else… endlessly. What we remain highly confident about is that we are only in year one of a multi-year relative movement away from what we call "silly" and into "sane." Some choose to call that Growth versus Value, but it goes slightly deeper than that. And naturally, we are not sure if that just means we are down 10% and the S&P 500 is down 25%, which is not nearly as fun to go through as it looks on this page. But as co-investors with you in this fund, which to be clear is and has always been an equity fund, we are looking for long-term compounding which is dramatically helped by limiting drawdowns, something in which we have honestly not always been as successful as we would like. (COVID was not in our spreadsheet.)

There remain numerous opportunities to put money into carefully curated and researched small cap ideas that remain increasingly out of bounds for the institutional investment world. Whether it's simply due to size—"what's the point if we can't invest $5 billion, says the large firm"—or sneakily prevalent rules in the name of compliance and safety—"no, you can't easily buy a $5 stock at your brokerage firm"—there are factors that are enabling us to have less competition in turning over smaller rocks. And, we have a number of "catalysts" in place for 2022 that can drive performance "now," which is always a good thing.

Per usual, we will start with our detractors. We have followed Landec Corporation (Ticker: LNDC) for almost 20 years—and frankly have never liked the math of an agricultural business which sells hothouse tomatoes and packaged salads and vegetables. What has changed is that their "afterthought" business—Lifecore Biomedical—has grown up to be a material ball of goods as a fully integrated Contract Development and Manufacturing Organization (CDMO). This grows, has high EBITDA margins, and generates solid free cashflow. We expect the food businesses to be sold and the CDMO to emerge as the public gem, with a complete re-rating of the stock price at double our cost basis. In the meantime, the legacy food business, which is on its way out, did not perform well. Also, LifeCore saw some slower growth due to inventory destocking at its customers.

BlueKnight Energy Partners L.P. (Ticker: BKEP) concluded the divestiture of its oil and gas business and is now purely the largest independent storage entity of asphalt. This is a long-term contractual business with an excellent margins and free cashflow, and yes it would be nice to have an infrastructure bill that considered "road building" an important national issue. But we don't hold our breath. In the meantime, we own both the common and the preferred and await an interesting corporate finance dance that results in the preferred being folded into the common, thereby producing an explosive move in the stock in our opinion. The preferred yields 8% and the common 5% as we wait.

Astronics Corporation (Ticker: ATRO) designs, manufactures, and markets specialized lighting, control systems, and electronics for the cockpit, cabin, and exteriors of military, commercial jet, and general aviation aircraft. Our research

TOTAL RETURN **(CSCAX)** — % as of September 30, 2021

	3 MONTH	YEAR to DATE	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION (09/30/98)
Cove Street Capital Small Cap Value Fund	(1.63)	21.03	50.70	4.73	5.65	11.49	9.70
Russell 2000® Index	(4.36)	12.41	47.68	10.54	13.45	14.63	9.59
Russell 2000® Value Index	(2.98)	22.92	63.92	8.58	11.03	13.22	9.67

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 Institutional Class commenced operations on October 3, 2001. The performance results for the Institutional Class reflect the performance of the Investor Class shares from December 31, 1998 through October 2, 2001. The Investor Class subsequently closed, effective November 25, 2015.

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 as per the Prospectus is 1.19%. 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.

suggests the stock is very inexpensive in a more normalized environment for new aircraft manufacturing as well as maintenance. This quarter the stock has seen some downward pressure as a result of the slowing of Boeing Company's (Ticker: BA) manufacturing pace.

Sandstorm Gold Ltd (Ticker: SAND) is a royalty precious metals owner that is waiting for clarity on a game changing asset in Turkey. While it might sound counterintuitive given all of the fiscal and monetary excess present around the world, gold prices have actually fallen a fair amount since early June. SAND is not a play on the short-term price of gold, but lower prices are certainly not helpful. We like the management team at SAND and see a lot of potential for increased cash flows and earnings when their partners successfully get the mine in Turkey up and running.

For contributors this quarter, we will first look at GP Strategies Corporation (Ticker: GPX), whose long takeover process finally ended in success. It is relevant to note that Cove Street Capital's position as the largest or second largest shareholder for a number of years was instrumental in shaping the Board's thought and decision process as well as the general direction in which they steered the Company, all without loud and embarrassing flag waving. The path upward was not perfectly smooth, but this is a good outcome for GPX shareholders.

We have established a new and full position in Lions Gate Entertainment Corporation (Ticker: LGF.B), which is one of the last independent content "manufacturers" in global media, as well as the owner of the streaming platform Starz. The short response to this decision is: this is an extraordinary value given its recent takeovers of competitors MGM and Hello Sunshine.

Compass International Minerals (Ticker: CMP) posted solid operational results this quarter in addition to the introduction of optionality around the development of a material Lithium mine on their existing footprint. The combination of the two improved their performance significantly.

Viasat Inc. (Ticker: VSAT) was a contributor this quarter due to better than expected results in their satellite services segment thanks to a rebound in its inflight connectivity business. We have a longer-term view that the company is severely mispriced by the market with its defense business worth as much, if not more, as the entire market cap today and the massively positive, in our view, launch of VSAT 3 in 2022 draws nearer. We continue to hold the company as a top position in our strategy.

A new addition to the portfolio for the quarter was Ducommun (Ticker: DCO), a manufacturer of parts used in the aerospace and defense industries. We have been following the Company for well over two years, and our research indicates that the CEO of DCO, in his fourth year at the helm, has effectively transitioned the Company from a low margin structures manufacturer tied to Boeing Company (Ticker: BA) to a high margin components and products firm that is well positioned on large and growing defense programs. We also see that their efforts to diversify their commercial aerospace exposure via penetration of Airbus SE (Ticker: EADSY) have also born fruit—a fact that the market doesn't appear to properly value. With its earnings power significantly higher than what can be seen today, we expect DCO to be revalued at much higher levels over the next three years.

We built a new position this quarter in Chase Corporation (Ticker: CCF), a manufacturer of specialty chemicals and various adhesives, sealants, and anti-corrosion products. For a number of years we have actively followed the progression of its operations under CEO Adam Chase. Mr. Chase inherited the title from the Founder, his father, and has successfully turned a sleepy Boston suburb-based family business into a more professional, operationally-focused corporation. High diversification of revenues across a multitude of products, very high margins, and excellent cash generation have created a high barrier to entry/high return on invested capital compounder. We took advantage of a pullback in the stock price to a level where we saw good upside over the next three years.

Another new addition this quarter was Tiptree Inc. (Ticker: TIPT), a diversified financial holding company comprised of a core insurance business, a peripheral mortgage origination business and an investment portfolio of various distressed assets. The CEO, Michael Barnes, owns 25% of the equity and has a track record of interesting and esoteric investments dating back to his days running structured credit desks at Bear Stearns. Our research indicates that the core insurance company is worth more than the current market cap of the company, leaving a significant amount of upside via the other financial holdings within Tiptree.

White Mountains Insurance Group (Ticker: WTM) is an insurance-oriented "venture capital fund" that we have owned on and off for 30 years. There are periods of perceived inactivity and shrinkage, and then periods of investment and growth. The public markets tend to penalize the former and then react aggressively on the latter. We made it a top ten position on the day of a press release announcing a material investment in a Lloyds Reinsurance company which signaled to us the beginning of a growth phase, a "pattern recognition" event that was the result of decades of paying attention. The company also announced an IPO of a "hidden" asset that has the words "fintech, software, and SaaS" in its prospectus. Needless to say, we have gotten off to a good start.

Finally, while we strive to buy stocks that we can own for three-to-five years, in certain situations events happen right after we buy a stock that make us reassess the rationale for owning it. In the case of Kar Auction Services (Ticker: KAR), we bought the stock earlier this year after following the company for many years. We knew that KAR was a Graham stock from the beginning, but our research led us to believe that the risk of disruption was being overstated by the market. That is still the case, but KAR recently announced a very expensive $450 million acquisition of a company called CARWAVE that reduced our confidence in the company. We had been told by the company that KAR was content with its digital dealer-to-dealer offering after the $425 million acquisition of BackLot cars last year. There is simply no math that can possibly justify the price they paid for CARWAVE and thus we had to write down the intrinsic value of the company by about $3.50 per share. That

deal, in conjunction with the fact that the stock ran up right after we bought it, reduced our margin of safety. But, most importantly, on our decision process spreadsheet for KAR we specifically noted "more expensive acquisitions" as a reason that we would sell the stock. So, we hit the bid to put the money to work elsewhere.

Liberty TripAdvisor Holdings Inc (Ticker: LTRPA) is a company whose main asset consists of voting control and ownership in TripAdvisor, Inc. (Ticker: TRIP). The stock moves per the whim of public opinion on the pace of the rebound in global travel and the Delta variant has not helped ease people's concerns regarding short-term and long-term demand for travel. However, when travel finally emerges from the COVID fog, TRIP will be a primary beneficiary. In the meantime, the company has a healthy balance sheet and is developing a subscription travel offering that has the potential to differentiate its brand from that of the other larger players in travel. The near term maybe be a little bumpy but investors with a long enough time horizon are likely to be rewarded for their patience, given the material upside we see in the stock.

Thank you again for your partnership. We will make one final note regarding taxes which are estimated to be $3.8mm: we spend an awful lot of time attempting to limit taxable events without doing anything particularly athletic that ends up being counterproductive to per share value. As an example, when our second largest position in GP Strategies was taken over this summer at a meaningful price, we have lugged its 8% along hoping to move the gain into next fiscal year. We cleared the 9/30 hurdle and we have a decent shot at cleaning the 10/31 hurdle as well. So, when we say we don't have any legitimate losses left to offset these reported gains, we don't.

We again appreciate your support as our partners in seeking out and profiting from the inefficiencies in public markets.

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.

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 September 30, 2021

GP Strategies Corporation	7.3 %
Lions Gate Entertainment Corporation CL B	5.5 %
Global Indemnity Group LLC	5.1 %
Compass Minerals International Inc	5.0 %
Ecovyst Inc	4.9 %
NewMarket Corporation	4.5 %
Viasat Inc	4.2 %
StoneX Group Inc	4.0 %
Colfax Corporation	3.7 %
Heritage-Crystal Clean Inc	3.7 %

Fund holdings 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.

Free cash flow represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets.

EBITDA margin is a measure of a company's operating profit, shown as a percentage of its revenue. EBITDA stands for the Earnings Before Interest, Taxes, Depreciation and Amortization that a company makes.

Intrinsic value; is a measure of what an asset is worth.

S&P500; The Standard and Poor's 500, or simply the S&P 500, is a stock market index tracking the performance of 500 large companies listed on stock exchanges in the United States.

An initial public offering (IPO) refers to the process of offering shares of a private corporation to the public in a new stock issuance.

The Cove Street Small Cap Value Fund is distributed by Quasar Distributors, LLC.