Letter to Shareholders

June 30, 2022

C S C A X

GREETINGS FELLOW SHAREHOLDER:

While some might say "things have changed in the world," the more accurate read in our view is that "Silly", as expressed in financial markets over the past several years, is beginning a long overdue and ,in our view, long duration reversion. Take your pick - Crypto Currency "Investing" (i.e. Fraud), outrageous valuations applied to unprofitable new ventures, politically-based investing with no practical basis in reality, "private" investing vs. public, large cap vs. small cap. To summarize, it is our view that this "change" has just started, it is not remotely over and it is just starting to reveal its scope.

While we cannot pretend that there hasn't been or will be more collateral damage to Funds like ours, we would suggest the following: paying lower valuations and prices today for real businesses -- with real "sustainable" futures as defined by real products and services that customers will continue to want and can be sold profitably -- is a BETTER standpoint than 12 months - or 3 months ago. To a degree, we "want" prices to go down so we can buy more of what is good and reasonably priced.

On to specifics on which we focus most of our time, we have Blueknight Energy Partners (Ticker: BKEP), the second time was somewhat of a charm. In late 2019, the Ergon Family, the general partner of Blueknight Energy, made an inadequate offer to acquire the balance of the company and simplify a complicated ownership structure. Within a couple of months, the offer was withdrawn as Ergon was not able to reach an agreement with the company's conflict committee. That is when we got involved, and subsequently we built a position. Recently, Ergon made an improved offer that we consider to be "fair at best", but still we are pleased to book a nice return.

Hallador Energy Company (Ticker: HNRG) is a… (get ready for it) ... coal company. They have an unusual asset position – a very low cost basis in the Illinois Basis - almost all of which is thermal coal used in electricity generation. You might have noticed that the United States is theoretically attempting to transition our power needs in a ten-year plan when the reality is that 50 is probably the realistic number. The drive to this unrealistic goal is producing a severe shortage of "baseline" power production, which is simply not a good thing. Our bet is that Hallador's assets are worth a lot more and will generate cash for a lot longer than is being priced in by the

TOTAL RETURN **(CSCAX)** — % as of June 30, 2022

	3 MONTH	YEAR to DATE	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION (09/30/98)
Cove Street Capital Small Cap Value Fund	(13.70)	12.36)	(12.89)	0.32	1.77	6.52	8.82
Russell 2000® Index	(17.20)	(23.43)	(25.20)	4.21	5.17	9.35	8.15
Russell 2000® Value Index	(15.28)	(17.31)	(16.28)	6.18	4.89	9.05	8.67

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 1.22%. 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.

market. There is an interesting and financially savvy board guiding the CEO. In a new and interesting twist, the company essentially is being "given" a coal fired power plant in their backyard due to political issues. This could represent an enormous piece of upside subject to the vagaries of regulation and weather. Although we have followed the company for many years, this was a new buy in the quarter.

White Mountains Insurance Group (Ticker: WTM) is a holding that has been sometimes in and sometimes out of the portfolio for…30 years. They make investments mainly in insurance and "fintech". We have been very successful in judging when they are "dormant" or "active", and the stock tends to reflect movement from one pole to the other. We astutely recognized that their move to put $600mm plus in reinsurer ARK last year was a key sign of "active", and we had a 5% position within days. ARK has played out well as global pricing remains strong. While the market tends to value WTM at book value, we do the work to understand that many of their assets are worth a lot more than book, like their recent sale of insurance sub NSM at nearly 4x book value. The company is cheap and stable, and the management are good stewards of our capital.

Viasat Inc. (Ticker: VSAT) seems to be either our biggest winner or loser every quarter – annoyingly. The much-delayed launch of the first of three next generational satellites will be at the end of this summer and that event should end this yo-yo in the stock and put us on a more sustainable path in the eyes of the world. Oh, and we think the defense business alone is worth nearly 2x the current price of the stock.

Compass Minerals International Inc. Ticker: CMP) also seems to be a similar pattern as VSAT. They are the company in the portfolio that has been most effected by "inflation" - fuel and transport costs - as they price their de-icing contracts once a year – and thus a chunk of 2022 earnings have been eaten by the bulk of what you read about in the paper. The good news is that pricing is an annual event – and we are highly confident that next year's prices will reflect inflationary pressures, and margins will be restored. The stock is absurdly inexpensive.

Lions Gate Entertainment (Ticker: LGF.B) is in the process of splitting itself into Starz and the legacy studio business, essentially undoing the merger that happened in 2017. Upon the announcement of the potential sale or spin-off of Starz, the stock appreciated meaningfully. There had been a definitive perception that the management team at Lions Gate was not interested in creating value for shareholders and would never sell the whole company or any of its pieces. That change in narrative was helpful right until Netflix announced its Q1 2022 earnings, which basically sank the entire video streaming industry. The first concern was about Netflix's inability to grow domestic subs. The other take-away was that Netflix would cut back on its content spending. Despite the fact that Lions Gate sells very little of its content to Netflix, the market became worried that the studios, like Lions Gate, which are essentially arms dealers to other platforms, were going to see a precipitous drop in demand. The stock price has dropped to a level that is currently a fraction of our conservative estimate of intrinsic value, and management has suggested that a deal for Starz may be completed by the first quarter of calendar 2023. Vivendi, Roku (Ticker: ROKU), Apollo (Ticker: APO) and DirecTV (Ticker: DTV) have been rumored to be interested in acquiring a portion of Starz. But, regardless of the buyer our research suggests that a deal will likely create value for shareholders, especially relative to the currently depressed share price. As we wait, it has been quite heartening to see director Gordon Crawford continue to buy hundreds of thousands of shares in the open market.

We recently built a position in InfuSystem Holdings (Ticker: INFU), a leading provider of ambulatory infusion pumps that are primarily used to administer chemotherapy drugs to patients, taking advantage of a large block of stock being offered in the market at a discount. INFU's core pump business grows at a steady

market rate of 1% to 5%, and the company is now using the cash flow generated by this business to enter adjacent segments. One natural extension is INFU's Biomedical Services business, which has seen significant growth. The company recently entered into a large deal with GE Healthcare to manage their 300,000+ infusion pump fleet. Also, in early 2020 INFU partnered with Cardinal Health to build a Negative Pressure Wound Therapy (NPWT) business, which they recently launched. The price that we paid for the shares reflects a fair value for its underlying core pump business, and we get a free option on value created by any additional businesses, including NPWT.

In closing, we reiterate what we said in the opening. It seems to us difficult to argue with the longstanding idea that buying decent businesses run by reasonable people at reasonable prices is not a rational process by which to invest long-term money. What IS difficult is to stick to that process when the world gets messy. We would STRONGLY suggest a process that we call "leaning into the wind" - operators are standing by.

As a side note, we try very hard - not always successfully - in minimizing the taxes paid by shareholders. As a result on any given quarter end, you might see movement in the portfolio that reflects these attempts.

Best Regards,

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

TOP 10 HOLDINGS — % as of June 30, 2022

Landec Corporation	5.85 %
Global Indemnity Group LLC	5.83 %
Ecovyst Inc	5.14 %
Compass Minerals International Inc	4.84 %
White Mountains Insurance Group Ltd	4.22 %
Wayside Technology Group Inc	4.13 %
Enovis Corporation	3.72 %
StoneX Group Inc	3.64 %
Heritage-Crystal Clean Inc	3.59 %
Lions Gate Entertainment Corporation CL B	3.39 %

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.

Cash Flow refers to the net amount of cash and cash equivalents being transferred in and out of a company.

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