Letter to Shareholders

December 31, 2022

C S C A X

GREETINGS FELLOW SHAREHOLDER:

As 2022 closes out with a pathetic whisper worthy of its trail of losses across almost every asset class except "energy" and "strong dollar," we will spare you hundreds of words opining on what is to come in the next year. The world may be lots of things, but "peak words" is the best prognostication we can offer.

As we often say, the future remains uncertain. Things happen that aren't on spreadsheets. Surprise - human beings are an odd lot that can only be temporarily constrained by the rulers of the day or the intent of Central Bank policy.

As a concentrated equity manager, our performance is generated more so by our competence in curation, rather than the general vicissitudes of financial whims and tides. We elaborate below. But very simply, we attempted to be far less silly than many of our brethren, and thus, we lost less than most this year.

As our largest detractor, Lifecore Biomedical (Ticker: LFCR), formerly Landec Corporation, remains a disappointment in progress. The strategic plan that has extraordinary value potential called for an exit from all food businesses and a focus its fast growing, highly strategic CDMO (Contract Development and Manufacturing Organization) to the healthcare industry has simply taken nearly forever to accomplish. This was frankly mostly self-inflicted on several fronts: lack of urgency, a very poor choice on its investment banker (and their strategy to try and sell the food business as a portfolio rather than piecemeal), and forgoing chances to raise growth capital on advantageous terms. We have reinvested in the company in the form of a convertible preferred to kick the proverbial can down the road into 2023, when, we believe, the remaining food business will get sold, the CDMO will continue to grow and sizable new business opportunities will be announced. Can this company properly monetize the opportunities in front of them? Should it be sold to a larger company to enable said monetization? We expect decisions in 2023 on these issues to result in a far higher stock price.

There is very little to say about IEH Corporation (Ticker: IEHC) other than sometimes when you have to restate financials, it takes forever. (We went through this with Avid Technology (Ticker: AVID) a few years ago.) This is a wonderful little aerospace products company that, we believe, is at the end of this process. We visited the headquarters/factory, confirmed their net cash status, and confirmed their product value in the marketplace with competitors and customers. We remain convinced this is a mid-20's value as

TOTAL RETURN **(CSCAX)** — % as of December 31, 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	7.82	-10.34	-10.34	0.07	1.63	5.76	8.73
Russell 2000® Index	6.23	-20.44	-20.44	3.10	4.13	9.01	8.49
Russell 2000® Value Index	8.42	-14.48	-14.48	4.70	4.13	8.48	8.55

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.

compared to current levels in the single digits. It was like watching paint dry in 2022, but we are optimistic that 2023 is a return to normalcy.

Liberty TripAdvisor Holdings (Ticker: LTRPA) is simply another presently unsuccessful holding pen for a Liberty holding – in TripAdvisor (Ticker: LTRPA). While travel at large is on an upswing, it is coming back from a solid Covid hole. In the meantime, LTRPA has a new CEO who replaced the founder – it will be difficult for him to be worse. They have also changed their reporting making it fairly obvious how profitable the core TRIP is…and how fast growing and unprofitable their other ventures are in "Experiences" and "Dining" – both of which are leaders in their respective fields. We expect an Analyst Day and a strategic plan in 2023, which has reasonable probability of attracting new investors. This security is effectively leveraged exposure to TRIP – we can get the same oomph from 1.5% of the portfolio in this as 5% in LTRPA.

On the positive end of the spectrum, Hallador Energy (Ticker: HRG) continues to be one of our biggest winners, as people belatedly realize just how long the tail is for coal usage in the world, despite any wishes or well-meaning attempts to have it go away. HNRG has enormous operating leverage that we think is going to be "higher and longer" and retain our position after a modest trim in position size after a 4x increase from our initial purchase price.

Climb Global Solutions (Ticker: CLMB), formerly known as Wayside Technology Group, is a software and hardware distributor that helps new-to-market software companies sell to Value Added Resellers (VARs) and IT solution providers such as CDW, who then sell to the end user. In January 2020, the company promoted Dale Foster to CEO, and since then, he has put the company on a great trajectory to grow market share. The top four biggest software distributors generate over $100 billion in sales per year, while Climb has only ~$300 million in revenue. The company is small enough to not be on the larger players' radar, which is advantageous to Foster as he continues to execute his strategy of growing the company's revenue and profit by focusing on emerging technology players.

The pre-identified risk in Viemed Healthcare Inc. (Ticker: VMD) was always noted as a "government regulation and pricing risk." While the company's core offerings enable an efficient, at-home service to increasingly ill patients that enables breathing and allows them to avoid visits to the ER, that is not a view shared by some parts of the US government bureaucracy known as Centers for Medicare & Medicaid Services (CMS). Fortunately, the CMS overhang has largely been put behind them, and VMD has continued adding patients at a healthy growth rate. The stock price is moving upward in line with the growth of the business.

A new position this quarter is IAC Interactive (Ticker: IAC) which is the holding company for legendary media investor Barry Diller, and is presently run by CEO Joey Levin. Making this simple – the stock has fallen from a hallowed status large cap to a small cap. It is valued a 30% discount to its two largest assets – a 17% stake in gaming company MGM Resorts International (Ticker: MGM) and its DotDash digital advertising business. (We know the later well as a former shareholder in Meredith – the old name.) beyond these two assets, we then get "a whole bunch of stuff", including its ownership in Angi.com and Care.com, both of which represent a non-zero probability of moonshot value potential. MGM grows, advertising will show up on the other side of the economic cycle – one day.

We sold the last of our shares in UFP Technologies (Ticker: UFPT), which from beginning to end was approximately a "5-bagger" for the Fund. Yes, we wish we had more. And yes, we should have never sold a share on the way up! CEO Jeffrey Bailey has done a stupendous job moving the company from a "packaging" company with a high degree of auto business to primarily a trusted advisor to the medical device industry. This was accomplished with both internal growth, two well-sourced and executed acquisitions, and investments in global sourcing for global customers. It was a job well done. But, the "stock" has reached a valuation that bakes in a continuation of this trajectory and that is a bit harder to have confidence in. You might have also noticed the chance for other opportunities in this messy market. We may be back in the future at

lower levels - it is a good business but not a forever keeper.

We would like to point out one thing with respect to UFPT. With many small cap companies, we do a lot of more work and then don't get a chance to get a full position as there is limited liquidity. But we work…and we wait. In the case of UFPT, we bought 7% of the company in one fell swoop from another manager who "had" to get out. Ideal for us. It sometimes pays to hang around the hoop.

We sold out of Skechers (Ticker: SKX), which was one of our "what should we be buying in the Covid Crash of 2020" stocks. While we think the brand has enormous global value and appeal, the Achilles heel has always been the existence of voting control stock that enables the founding family to essentially run this like a captive weekend lemonade stand with all that attendant discipline to cost and interest in shareholder returns. We generated a solid return in the name but have difficulty seeing an interest in a path that raises margins 50% which would still put them below their peers. We think we can do better.

As we draw the year and this letter to a close, we do have some longer-term thoughts. Inflation might have "peaked" in 2022, but the odds of it being stickier at 4-ish seem high to us. That implies higher rates for longer than some suppose which is not a world-ender but a headwind. Credit bugs us more. Free money is over. Companies with leverage are finding the world less accommodating. We have "a few" that fall into this category - but you don't see the ones we thankfully avoided.

Lastly, valuation is "dispersed." There are a lot of cheap stocks out there, but many in the indices are just down a lot, versus actually cheap. We posit higher interest rates and less availability of credit will continue to punish the previously "favored" and enable opportunity in the "boring." We expect more good relative performance and positive surprises from our curation.

Best Regards,

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

TOP 10 HOLDINGS — % as of December 31, 2022

Viasat Inc	9.34	%
Ecovyst Inc	5.50	%
White Mountains Insurance Group Ltd	4.44	%
Global Indemnity Group LLC	4.39	%
Lifecore Biomedical	4.27	%
Compass Minerals International Inc	4.26	%
Heritage-Crystal Clean Inc	4.07	%
Hallador Energy Company	4.07	%
E.W. Scripps Company	3.62	%
Chase Corporation	3.52	%

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.

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