Letter to Shareholders

March 31, 2024

C S C A X

GREETINGS FELLOW SHAREHOLDER:

The first quarter of calendar year 2024 was mostly more of the recent same. The U.S. investment world generally focused on the Federal Reserve's official comments and concluded that interest rate cuts in 2024 remain largely on the table. The U.S. economy managed another "What? Me worry?" positive quarter. Large-Cap technology stocks led capitalization-weighted indices up double digits, a nice annual result in 3 months. Smaller-Cap and Value-oriented equities were mostly ignored until March when risk enthusiasm broadened out.

We were "blah," as sharp pullbacks in some of our largest holdings offset strong gains in our smaller holdings. It happens.

Starting with the detractor column, EW Scripps (Ticker: SSP) is a noteworthy best performer/worst performer candidate, and to be fair to us, we have made Buys near the bottom and Sales near the top several times over the past few years. People are worried about SSP's leverage in an uncertain media economy. Our research suggests people are grossly under-appreciating the number of levers management can pull to carry the company past the current fear trade. In our opinion, it is a very, very cheap stock.

Regarding Viasat (Ticker: VSAT), we do not have much to say here other than up quarter/down quarter performance prevails as the company awaits the launch of its next satellite of capacity. The company continues to be an outstandingly cheap stock with multiple catalysts.

We previously sold our direct equity ownership in the common stock of Lifecore Biomedical (Ticker: LFCR) but continue with a large position through a convertible preferred. Please see previous letters for an endless recap, but this quarter saw the company pull the plug (for now) on a sale process "led" by Morgan Stanley. Morgan was apparently too busy selling a competitor - Catalent - for a multiple that makes Lifecore look like the deal of the century. Oh, there is "crazy" demand for capacity thanks to not just for, but clearly a huge demand from, the GLP-1 world that insatiably requires sterile fill-finish capacity, like say the facility Lifecore owns in Minnesota. But as previously noted, the ineptitude of management and an inability to run a public company makes for selling the company an arduous task. Lifecore is "almost" up to date on its financial reporting with the SEC, and the CEO was replaced by someone who looks terrific on paper. There is material upside from current levels with at least competent

TOTAL RETURN **(CSCAX)** — % as of March 31, 2024

	3 MONTH	YEAR to DATE	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION (09/30/98)
Cove Street Capital Small Cap Value Fund	1.61	1.61	16.93	3.08	5.16	4.73	9.07
Russell 2000® Index	5.18	5.18	19.71	-0.10	8.10	7.58	8.61
Russell 2000® Value Index	2.90	2.90	18.75	2.22	8.17	6.87	8.90

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.

As per the prospectus dated January 28, 2024, Total Annual Fund Operating Expenses is 1.61%. Total Annual Fund Operating Expenses After Fee Waiver/Reimbursement is 1.27%. 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.

execution, but there is nothing pretty in the short-run.

Compass Minerals International (Ticker: CMP) is half the position of the past, partially due to our past trimming and partially due to performance. There is a core and essential salt asset at Compass that is worth 2x the stock. Good and stable free cashflow from the salt business went into "growth initiatives," that seemed very adjacent, literally and figuratively. Those investments have been essentially zeroes and completely human error. The CEO that took us down that path was replaced, and the new CEO is clearly on a "clean and sell" path. We expect to be done making lemonade with an interim time horizon.

Hallador Energy (Ticker: HNRG) is a classic case of "I guess we should have sold it all." We don't pretend that the coal business and the coal power generation business is not cyclical, but this was past the north-end of our expectations. A warm winter and low gas prices were the simple double whammy. We see the opposite this summer. Underneath short-term movement, the U.S. remains in a dance between the desire for Green and the necessity of consistently keeping the lights on. These assets get more valuable every day in our opinion.

The star of the quarter was clearly Liberty TripAdvisor Holdings (Ticker: LTRPA), which to be fair has had plenty of ups and downs over the last few years of ownership. TripAdvisor and our Liberty vehicle put out press releases essentially saying that they have been approached by a suitor and that they have formed special committees to evaluate said approach. Our recent research efforts led by new Partner Austin Farris correctly identified that the value of the "Experiences" entity, Viator, was the real, not-really-hidden asset, and the lopsided sum of the parts valuation flag seems now to be hoisted by third parties. There is no certainty in a deal, or what kind of deal, but all of this is good for a leveraged entity dependent upon a move in TripAdvisor. We sold aggressively into the move but retain a smaller stake.

Climb Global Solutions (Ticker: CLMB) simply continues to execute on their business plan, putting up the latest of a string of double-digit quarterly earnings growth. They remain a minnow in a zillion dollar space that connects new technology that lacks distribution with a buying community hungry for evolving product in the usual favorites - cybersecurity, AI and cloud. (Finally a chance to use those words in one sentence!)

Like most people, we generally prefer better balance sheets than not. From time to time, the perception that a balance sheet is challenged, legitimately or otherwise, creates an opportunity in the equity. (We tread carefully). Outfront Media (Ticker: OUT) is arguably 1 "turn" too leveraged. People became unhappy with that idea earlier in the year. (Remember when there were some risks in the world?) Our internal research suggested that people were under-appreciating the number of "asset levers" to pull that would put these fears to rest. To wit, the company announced the sale of their Canadian Billboards business for a multiple nearly 2 times the trading multiple of the company. Fear over. As a yield-oriented REIT, Outfront has also benefited from a re-rating due to the concept that the Federal Reserve will be cutting interest rates this year. All good so far.

White Mountains Insurance (Ticker: WMT) remains the un-modelable, publicly traded, sort-of Private Equity firm in financial services, mostly insurance. Besides an extremely astute and large investment in an active insurance company just before rates started hardening, the company also has benefitted when one of its holdings, a "Fintech" stock, doubled. Having looked at that same company, frankly we are kicking ourselves for not also buying a position. WTM continues to be a long-term hold.

Park Aerospace (Ticker: PKE) is a new position in the quarter; this company develops and manufactures composite materials and structures primarily for airplane engines. PKE's largest customer is GE Aviation's engine program, and based on future build rates of the A320neo (airbus), PP20 (Bombardier) and other engines, there is a clear pathway to double revenue and triple EBITDA in the medium term. PKE does not need to add much capacity to its manufacturing footprint in order to deliver on a sharp increase in revenue, resulting in significant earnings expansion. These are solid building blocks to fuel a higher multiple on higher cashflow.

Another new position is TruBridge (Ticker: TBRG), formerly known as Computer Programs and Systems (Ticker: CPSI). The company provides Electronic Health Record (EHR) and Revenue Cycle Management (RCM) services to small, rural hospitals under 400 beds. The EHR business has been shrinking for years as hospitals close and consolidate (replacing TBRG's EHR). However, the business is very sticky and generates significant cash flow. The cash flow generated is being put into the growing RCM business. Approximately 80% of hospitals still do their billing in-house and there is a huge push for these hospitals to start outsourcing billing to help improve their cash flow and expenses. TBRG is leveraging its current EHR customers as well as selling into new customers to grow their RCM business. TBRG is also on its own mission to outsource manual work to some of the usual international suspects to reduce its own service costs. The company's stock has had a very unpleasant journey the last few years ($40 per share to $9) creating a massive opportunity for even modest stability and/or improvement.

Just before the end of the quarter, we were able to build a position in Red Violet (Ticker: RDVT). RDVT is a software company that specializes in providing detailed background checks and identity verification to banks, insurance companies, private investigators, collection agencies, etc. Previously this management team built two other identity/background check solution companies. This is their third iteration focused on building a background check software from the ground up, but this time solely constructed on a cloud infrastructure. The previous versions are now owned by LexisNexis and TransUnion (Ticker: TRU) and are Red Violet's current top competitors along with a company owned by Thomson Reuters (Ticker TRI). Together these companies control the majority of the identity verification market. Red Violet has a clear pathway to grow 10%+ organically with a history of adding incremental revenue at 30%+ EBITDA margins. This is a secularly growing "Buffett", that we believe will be acquired by one of the aforementioned bigger players in 3 to 5 years. We were able to buy the shares directly from a top shareholder, a charity, who received the shares as a donation and was looking to monetize the position.

We made some sales during during the quarter as well. At the beginning of 2023, we initiated a position in Great Lakes Dredge & Dock (Ticker: GLDD) in the midst of a significant decline in the company's results. Facilitated by the U.S. government, the "bid market" of projects for which GLDD competes evaporated in the first half of 2022 due to some combination of an extra-long Continuing Resolution, overly complicated budget authorization and allocation processes, and frankly, work-from-home inefficiencies. When your dredgers aren't at work because you didn't get your bid, you send them to the shipyard for maintenance, causing a "double-whammy" of less revenue and higher costs. GLDD's margins in 2022 got crushed, as did the stock price. The bid market returned in late 2023, and GLDD's backlog rebounded from $452m around the time of investment to $1.04B in early 2024, leading to a commensurate rise in the stock.

Concurrent with the return of Great Lakes' core business to normalized conditions, GLDD has begun construction of a "wind vessel" with the purposes of facilitating the building of offshore wind farms on the East Coast of the United States beginning in late 2025. Given the myriad of headwinds facing these projects, this wind ship will be delivered into a highly uncertain demand environment for its use. We happily exited with the gains from our underwritten "bid market reversion" and before "wind" plays out.

We sold our position in Ducommun (Ticker: DCO) this quarter. We like the aerospace and defense world and think the company has a solid conceptual runway to participate in niche programs on both sides of the industry. But we have concluded we just cannot stomach the management team, which refuses to recognize quaint ideas like "value creation PER SHARE," the generation of free cashflow vs. a focus on revenue growth, and the idea that shareholders are partners that deserve transparent financials with which to judge performance and progress.

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Our world viewpoint is painfully unchanged. We seek better businesses at reasonable prices. Paraphrasing Ben Graham, we look to make rational purchase decisions from pessimistic sellers and to be rational sellers to the highly optimistic. Our workflow consists of both mining the companies that we have come in contact with and researched in the past as well as being open to new business models and interesting people seeking to make money for shareholders. We are patient and have a long-term time horizon, but we have clearly become more active with our investments. Our decades of experience as a sideline spectator of public companies gives us a pretty clear picture as to how a company should conduct itself as a public entity and of some fairly obvious opportunities to help.

As we speak, opportunities abound in the Small Cap space as there remains very little money flow into our world. Interestingly, the more "Graham" the value, the more neglect there seems to be. We love a compounding "Buffett" as much as the next human being, but values for many seem way north of reasonable.

We have articulated on numerous occasions that big performance numbers for a stock, for a portfolio or for a market in general are somewhat "stealing" from future results, unless of course you live in a world with a "ruler-up" viewpoint and have not invited us. On that basis, recent price compression in some of our larger holdings, plus some specific brewing catalysts, suggests good relative numbers on a visible horizon.

We remain highly cognizant of the arcane messes that populate our world: geopolitics, Chinese business issues, an election, and a very slow moving credit cycle, but there is little we can do about them. But, we can take advantage of the world's historical nature - as neatly laid out in the work of recently passed Daniel Kahneman - to over-extrapolate in life and financial markets.

Thank you for your partnership.

Best Regards,

Jeff Bronchick

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

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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 March 31, 2024

ECOVYST ORD	6.21	%
IAC ORD	5.31	%
GLOBAL INDEMNITY GROUP CL A ORD	5.08	%
VIASAT ORD	4.68	%
WHITE MOUNTAINS INSURANCE ORD	4.64	%
LIFECORE SERIES A CONVERTIBLE PREFERRED 7.5%	4.52	%
EW SCRIPPS CL A ORD	4.39	%
OUTFRONT MEDIA ORD	4.34	%
CLIMB GLOBAL SOLUTIONS ORD	3.80	%
VIEMED HEALTHCARE ORD	3.46	%

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.

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