



Item 1 Cover Page

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Cove Street Capital, LLC (CSC). If you have any questions about the contents of this brochure, please contact us at (424) 221-5897 or dbeasley@covestreetcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about CSC is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 156260.

Item 2 Material Changes

This Firm Brochure, dated 3/23/2012, replaces the last Firm Brochure dated 8/1/2011 and is prepared according to the SEC's requirements and rules. The following items have been updated:

- Item 4 Advisory Business
- Item 5 Fees and Compensation
- Item 6 Performance-Based Fees and Side-By-Side Management
- Item 7 Types of Clients

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business's fiscal year or sooner as they occur.

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Item 4 Advisory Business

Cove Street Capital, LLC. (CSC) is an SEC-registered investment adviser with its principal place of business located in Los Angeles, California. Cove Street Capital began conducting business in 2011.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

Jeffrey Bronchick, Chief Investment Officer

Mr. Bronchick was the Chief Investment Officer and a lead principal of Reed, Conner & Birdwell, LLC (RCB), a Los Angeles-based investment manager which he joined in 1990. He has run research driven, concentrated value-based strategies across all market capitalizations and led extensive credit work throughout the corporate capital structure. Prior to working for RCB, Mr. Bronchick worked in research and trading roles at Neuberger Berman, Bankers Trust and First Boston.

Cove Street Capital offers the following advisory services to our clients:

PORTFOLIO MANAGEMENT

CSC provides portfolio management for institutional and high net worth clients based upon the individual needs of the client. Through personal discussions with clients and their advisors, we agree upon goals and objectives that are compatible with our investment style and then create and manage portfolios based on that policy. Relevant factors in this data-gathering process include but are not limited to time horizons, risk tolerance, and liquidity needs and in the case of individuals, tax issues.

We manage these portfolios on a discretionary basis. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Once the client's portfolio has been established, we review and rebalance the portfolio on a regular basis per the client's objectives and investment considerations.

Our investments are focused on publicly traded securities that may include but are not limited to:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Mortgage backed securities
- Exchange traded funds ("ETFs")
- Public master limited partnerships
- Real estate investment trusts ("REITs")

Because some types of investments involve certain additional degrees of risk, they will only be implemented when they are consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. We are not limited to any specific product or service offered by a broker-dealer or insurance company.

WRAP/SUB-ADVISORY /ADVISORY

Aside from individual portfolio management services, CSC has entered into relationships with select WRAP sponsors. This is a sub-advisory relationship where the Manager provides investment supervisory services to its clients, including making recommendations concerning an investment advisor to render specific investment advice with respect to a client's portfolio. The client enters into an agreement with the Manager who has a separate master agreement with CSC. CSC may effect transactions through other broker-dealers, but it is expected that most of the transactions will be executed through the Manager because part of the negotiated fee includes brokerage commissions and trading costs. We manage these relationships on a discretionary basis.

CSC is the investment advisor to the CSC Small Cap Value Fund.

ASSETS UNDER MANAGEMENT

As of December 31, 2011 we actively managed \$312 MM of clients' assets on a discretionary basis.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT FEES

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally range from 0.50% to 1.00% and are payable in arrears.

The annualized fee for Portfolio Management Services is charged as a percentage of assets under management, according to the following schedule:

Product	Assets Under Management	Annual Fee
Small Cap	First \$25,000,000	1.00%
	Next \$25,000,000	0.80%
	Balance	0.70%
Large Cap All Cap Strategic Value	First \$25,000,000	0.80%
	Next \$25,000,000	0.60%
	Balance	0.50%

A minimum of \$5,000,000 of assets under management is required for our management services. This account size may be negotiable under certain circumstances. Cove Street Capital

may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

WRAP/SUB-ADVISORY/ADVISORY FEES

For these services, the client will pay the Manager for its services and for the services of CSC on a quarterly or monthly basis in advance or arrears according to a negotiated fee schedule. The agreement may be terminated at any time at the written request of either the client, Manager or CSC, in which case a pro-rated refund will be made. Typically, the fee to the Manager ranges from 1% to 3% per annum of assets under management. From the fee paid to the Manager, CSC receives 0.45% - 0.95% on the entire balance of the account. Most Managers collect the entire fee and pay the advisory portion due to CSC after collecting such fees. The agreement cannot be assigned without the full knowledge and consent of the client. Generally, the minimum account size in these programs is \$100,000, but may be higher.

If you invest our mutual fund, you pay fees as detailed in the prospectus (available by calling or writing us or on our website www.covestreetfunds.com).

Limited Negotiability of Advisory Fees: Although Cove Street Capital has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, and reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client has the right to terminate his/her contract without penalty within five business days after entering contract. After the initial five-day period, the agreement may be terminated upon written notice by either party. Upon termination, fees will be prorated to the date of termination. If any fees are prepaid, unearned fees will be promptly refunded.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information. On occasion, CSC may invest a portion of a client's assets in mutual funds (and similar investment vehicles such as ETFs) which also charge internal management fees, which are disclosed in those fund's prospectuses. Such charges, fees, and commissions are exclusive or, and in addition to, CSC's fee, and CSC shall not receive any portion of these commissions, fees and costs.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to CSC's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

ERISA Accounts: CSC is deemed to be a fiduciary to advisory clients that are employee

benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, CSC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset CSC's advisory fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Wrap Fee Programs: Clients participating in a wrap fee program pay a single fee for advisory, brokerage and custodial services. Clients' portfolio transactions may be executed without commission charge. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

Limited Prepayment of Fees: We do not require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Item 6 Performance-Based Fees and Side-By-Side Management

Cove Street Capital does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 Types of Clients

Cove Street Capital provides advisory services to the following types of clients:

- Pension and profit sharing plans (other than plan participants)
- Investment Companies
- Corporations or other businesses not listed above
- High net worth individuals
- Charitable organizations
- State of municipal government entities

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors which include, but are not limited to, the overall economy,

industry conditions, and the financial condition and management of the company itself to assess in our opinion if a security is underpriced relative to its market value. If we assess that the company is underpriced relative to our estimate of intrinsic value, we are potential buyers and if it is overpriced, we will not make a purchase or may sell the security if we own it.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential short-term risk, as the price of a security can move up or down along with the overall market, regardless of the economic and financial factors considered in evaluating the stock.

INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Cove Street Small-Cap Value. A concentrated Small-Cap value strategy that applies a fundamental, bottom-up stock selection process on a universe of approximately 3500 US companies with a market capitalization below \$5 billion, as well as a relevant universe of non-US companies.

Cove Street All-Cap Value. Fundamental, bottom-up stock selection to an unrestricted, global universe. We consistently run computer screens to identify “fishing pools” of statistically cheap securities and companies with highly desirable business models. We also draw upon a deep cumulative well of investment experience and industry contacts to find and identify ideas. Cove Street “team tackles” fundamental business model drivers and establishes intrinsic value targets with a multivariate approach, incorporating discounted cashflow, historical valuation metrics and private market and asset-based valuations.

Cove Street Large-Cap Value. A concentrated Large-Cap value strategy that applies a fundamental, bottom-up stock selection process on a universe of approximately 1000 US companies with a market capitalization above \$5 billion, as well as a relevant universe of non-US companies.

Cove Street Strategic Value. Strategic Value is a classic balanced strategy that seeks absolute returns throughout market cycles by investing across the corporate capital structure and holding cash when alternative investment opportunities are not forthcoming. The portfolio uses an All-Cap equity universe with a global opportunity set and an opportunistic Fixed Income strategy utilizing the firm's bottom-up credit research.

RISK OF LOSS

Investing involves risks. Our research attempts to distinguish between permanent loss and “quotational” risk as defined by a general decline in the financial markets as a whole. Our security analysis methods rely on the assumption that the companies whose securities we purchase and sell, and other publicly available sources of information about these securities, are providing accurate data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate, misleading or fraudulent information.

Focus. Our portfolios are much more concentrated than the large indices of stocks. As a result, we may experience greater volatility than market indices and our performance may not be tightly correlated to market indices in the short-run.

Small Capitalization (Small-Cap) Companies. Some of our investment strategies include smaller capitalization companies. In periods of market duress, these securities may have greater price volatility and less liquidity than do larger companies.

Fixed Income. Fixed income securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). The market values of fixed income securities tend to vary inversely with the level of interest rates. When economic conditions appear to be deteriorating, medium to lower rated securities may decline in value due to heightened concern over credit quality, regardless of prevailing interest rates.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

CSC has adopted a Code of Ethics pursuant to SEC rule 204a-1 which sets forth high ethical standards of business conduct that we require of our employees and includes compliance with applicable federal securities laws.

CSC and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

CSC's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or

professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by emailing dbeasley@covestreetcapital.com, or by calling CSC at (424) 221-5897.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security (or securities) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by CSC may purchase or sell any security prior to a transaction being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a prorated basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be excluded in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where his/her decision is a result of information received as a result of his or her employment, unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or her designee.
6. We have established procedures for the maintenance of all required books and

records.

7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
10. Any individual who violates any of the above restrictions may be subject to termination.

Item 12 Brokerage Practices

For discretionary clients, CSC requires these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions.

These clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

CSC will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services that help CSC in providing investment management services to clients.

CSC will use block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. CSC will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on a particular day. CSC's block trading policy and procedures are as follows:

1. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or is inconsistent with the client's advisory agreement with CSC, or our firm's order allocation policy.
2. The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
3. The trading desk must reasonably believe that the order aggregation will benefit and will enable CSC to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the

execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

4. Prior to entry of an aggregated order, a written (or electronic) order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
5. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day may be allocated either prorated among the participating client accounts in accordance with the initial order ticket or other written statement of allocation, or via an assessment by the trading desk that specific accounts may be filled completely in order to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
6. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a prorated basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
7. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer.
8. CSC's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
9. Funds and securities for aggregated orders are clearly identified on CSC's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
10. No client or account will be favored over another.

Item 13 Review of Accounts

Reviews: The underlying securities within Individual Portfolio Management Services accounts, as well as the accounts themselves are continually monitored and reviewed. Accounts are reviewed in the context of each client's stated investment objectives and guidelines and changes are made for reasons which include but are not limited to individual security pricing, the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Jeff Bronchick, Chief Investment Officer and Daniele Beasley, Chief Compliance Officer.

Reports: In addition to the quarterly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, CSC will provide quarterly reports summarizing account performance, balances and holdings.

Item 14 Client Referrals and Other Compensation

It is CSC's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is CSC's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

CSC does not take possession of client funds or securities. Nevertheless we are deemed to have custody of some client assets through the debiting of management fees from client custodial accounts. We previously disclosed this in the "Fees and Compensation" section (Item 5) of this Brochure.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

CSC provides investment advisory services only and does not have actual or constructive custody of client assets. These services are provided by a qualified custodian.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

CSC requires that it be provided with written authority to determine which securities and the amounts of such securities that are bought or sold in a client's account.

Clients give us discretionary investment authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

We will vote proxies for client accounts; however, a client always has the right to vote proxies themselves. A client can exercise this right by instructing us in writing to not vote proxies in the account.

CSC will vote proxies in the best interests of its clients and in accordance with its established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision on how to vote proxies, and a copy of each written client request for information on how the adviser voted the proxies. Where a proxy proposal raises a **material** conflict of interest between CSC's interests and the client's, CSC will disclose the conflict to the relevant clients and obtain their consent to the proposed vote prior to voting the securities. When a client does not respond to such a conflict disclosure request or denies the request, CSC will abstain from voting the securities held by that client's account.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Daniele Beasley by telephone, e-mail, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

CSC will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Daniele Beasley by telephone, email, or in writing.

Clients can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. Clients can also instruct CSC on how to cast their vote in a particular proxy contest by contacting us at:

Daniele Beasley
dbeasley@covestreetcapital.com
(424) 221-5897

Diminimus Conditions

CSC may determine that it is in the client's best interest not to vote proxies received. Circumstances in which the Adviser may determine not to vote proxies include the following:

1. If CSC determines that the client no longer holds securities of the issuer; or
2. If the value of a client's economic interest or CSC's beneficial interest is insignificant (generally less than .05% of the issuer's outstanding securities) and is unlikely to influence the ultimate outcome of the shareholder vote; or
3. If, in the case of securities of a foreign issuer, it is not practicable to obtain relevant information to vote such securities or arrange for a proxy to do so, or voting would result in undesirable trading restrictions on such securities.

Written records of determinations not to vote proxies shall be retained in the records of the Compliance Department.

Item 18 Financial Information

We do not require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

CSC is also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. CSC has no additional financial circumstances to report and has not been the subject of a bankruptcy petition at any time during the past ten years.