



## PORT STREET QUALITY GROWTH FUND

INSTITUTIONAL CLASS SHARES — PSQGX

SEMI-ANNUAL REPORT



# PORT STREET QUALITY GROWTH FUND

---

Dear Shareholders,

September 30, 2016, marked the end of Port Street Quality Growth Fund's (the Fund) first two and a half years of stewardship. Thank you for the opportunity to report on the Fund's strategy, performance and outlook.

## **Strategy**

The Fund's approach to investing focuses on those companies that can be purchased at market prices below their fair value with a record of consistent, above average profit growth, strong balance sheets, sustainable competitive advantages, and capable management. The source of such growth has been persistently above average profitability, which, when combined with a sensible policy relating to the payout of such profits and intelligent re-investment, resulted in the compounding of retained earnings and long-term growth. The Fund's investment strategy is designed to grow purchasing power in excess of inflation and outperform the general market over time while seeking to mitigate losses during periods of economic adversity.

## **Performance**

For the trailing six months ending September 30, 2016, the Fund returned 2.10% while the S&P 500 Index returned 6.40% and the Russell 1000 Growth Index returned 5.22%.

Our strategy was not able to sustain the out-performance of its benchmarks reported in our March 31st letter earlier this year. This did not come as a surprise, however, given the type of stock market experienced these past six months when volatility again abated while stock valuations expanded. As we explained in past letters, we expect our Fund may under-perform in markets that are rising because of equity multiple expansion (rather than due to a breadth of corporate earnings growth). Our cash position in this type of rising market will serve as a drag on performance. In addition to the strategy's cash position, which totaled 44% of the portfolio, other contributors to under-performance were investments made in Cognizant Technology Solutions (information technology) and Novo Nordisk A/S ADR (health care). Our biggest contributors on the positive side of the ledger continue to be Microsoft and now Varian Medical Systems, which rallied back from previously being one of our larger performance detractors.

## **Outlook**

Central banks around the world continue to influence the direction of equity markets. As a result, investors continue to focus on central bank communication for clues. Recent modest growth in asset prices could give the Federal Reserve Board reason to hike rates in December, which the market appears to be fully expecting. However, what happens if inflation continues to creep higher to a meaningful level around the beginning of the year and the Fed hikes again? We know that an increase in interest rates will likely force a re-price of assets down – including equities. On the other hand, will the Fed appease the party-goers who are long the market and delay an early 2017 hike and let the markets go higher at the risk of exacerbating inflation and/or a sharper reversion of stock valuations back to historical norms? We know that picking a direction for the equity markets is anyone's guess. We also know that our investors trust us to stay disciplined in our investment process whatever the market environment. This means we will continue to build ownership in what we view as quality businesses at what we believe are competitive prices. As managers to the Fund, we believe that the degree to which we can deploy cash in this manner is highly correlated to the degree to which we can compound money over time. At the same time, we will remain disciplined in taking profits on investments when they reach their intrinsic value. Such a disciplined investment approach may cause us to forgo additional investment returns in certain markets like we saw this past quarter, but it is one designed to

## PORT STREET QUALITY GROWTH FUND

---

meaningfully mitigate losses if/when the music stops and investors go running. In summary, regardless of the direction of the market, we expect that the capital preservation bias underlying the Fund's strategy should allow us to help preserve capital in down periods allowing us to better compound capital over full market cycles.

Thank you for your confidence in our stewardship.

Graham Pierce  
CEO

Doug Allison  
President

### **Diversification does not assure a profit nor protect against loss in a declining market.**

Opinions expressed are those of the Investment Manager and are subject to change, are not guaranteed and should not be considered investment advice.

### **Must be Preceded or Accompanied by a Prospectus**

The S&P 500 Index is a stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. It is not possible to invest directly in an index.

The Russell 1000 Growth Index is an unmanaged, capitalization-weighted index that measures the performance of those companies within the Russell 1000 Index (large-cap index) with higher price-to-book ratios and higher forecasted growth values.

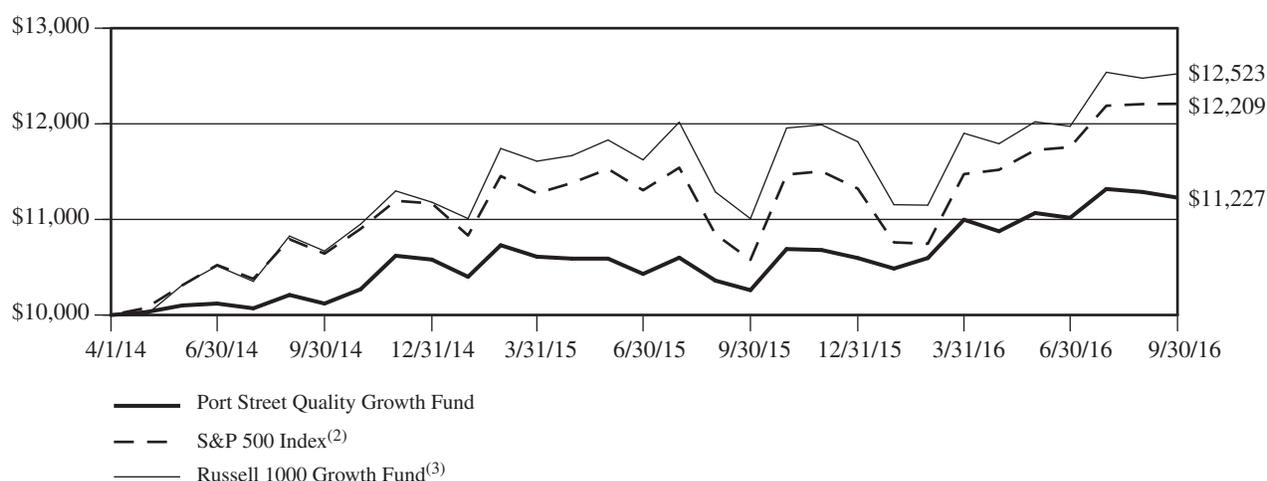
Fund holdings and sector allocations are subject to change and should not be considered to be a recommendation to buy or sell any security. For a complete list of fund holdings, please refer to the Schedule of Investments in this report.

**Mutual fund investing involves risk. Principal loss is possible. Investments in small-and mid-capitalization companies involve additional risks such as limited liquidity and greater volatility than large capitalization companies. Investments in foreign securities involve greater volatility; political, economic and currency risks; and differences in accounting methods. The Fund may have a relatively high concentration of assets in a single or smaller number of securities which can result in reduced diversification and greater volatility.**

**Port Street Quality Growth Fund is distributed by Quasar Distributors, LLC.**

## PORT STREET QUALITY GROWTH FUND

### VALUE OF \$10,000 INVESTMENT (UNAUDITED)



*The chart assumes an initial investment of \$10,000. Performance reflects waivers of fee and operating expenses in effect. In the absence of such waivers, total return would be reduced. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed may be worth more or less than their original cost. Performance assumes the reinvestment of capital gains and income distributions. The performance does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.*

### ANNUALIZED RATES OF RETURN % — AS OF SEPTEMBER 30, 2016

	<u>1 Year</u>	<u>Since Inception<sup>(1)</sup></u>
Port Street Quality Growth Fund	9.43%	4.74%
S&P 500 Index <sup>(2)</sup>	15.43%	8.31%
Russell 1000 Growth Index <sup>(3)</sup>	13.76%	9.41%

(1) April 1, 2014.

(2) The Standard & Poor's 500 Index is an unmanaged, capitalization-weighted index generally representative of the U.S. market for large capitalization stocks. It is not possible to directly invest in an index.

(3) The Russell 1000 Growth Index is an unmanaged, capitalization-weighted index that measures the performance of those companies within the Russell 1000 Index (large-cap index) with higher price-to-book ratios and higher forecasted growth values. It is not possible to directly invest in an index.

# PORT STREET QUALITY GROWTH FUND

---

## EXPENSE EXAMPLE (UNAUDITED) SEPTEMBER 30, 2016

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees, shareholder servicing fees, and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (April 1, 2016 – September 30, 2016).

### ACTUAL EXPENSES

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

### HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

*Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.*

	<u>Beginning Account Value (4/1/2016)</u>	<u>Ending Account Value (9/30/2016)</u>	<u>Expenses Paid During Period<sup>(1)</sup> (4/1/2016 to 9/30/2016)</u>
Institutional Class Actual <sup>(2)</sup>	\$1,000.00	\$1,021.00	\$5.83
Institutional Class Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,019.30	\$5.82

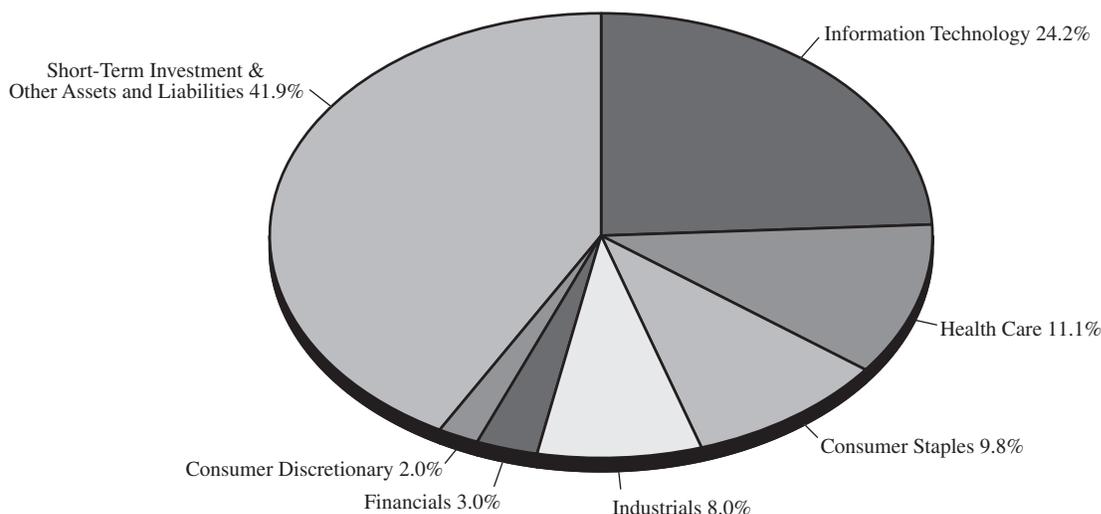
(1) Expenses are equal to the Fund’s annualized expense ratio for the most recent six-month period of 1.15%, multiplied by the average account value over the period, multiplied by 183/365 to reflect the one-half year period.

(2) Based on the actual returns for the six-month period ended September 30, 2016 of 2.10%.

# PORT STREET QUALITY GROWTH FUND

---

## ALLOCATION OF PORTFOLIO<sup>(1)</sup> (UNAUDITED) AS OF SEPTEMBER 30, 2016 (% OF NET ASSETS)



## TOP TEN EQUITY HOLDINGS<sup>(1)</sup> (UNAUDITED) AS OF SEPTEMBER 30, 2016 (% OF NET ASSETS)

Apple, Inc.	4.9%
Oracle Corp.	4.2%
Varian Medical Systems, Inc.	3.6%
Cisco Systems, Inc.	3.5%
Microsoft Corp.	3.4%
United Technologies Corp.	3.4%
Wal-Mart Stores, Inc.	3.2%
C. H. Robinson Worldwide, Inc.	3.0%
Berkshire Hathaway, Inc., Class B	3.0%
Novo-Nordisk — ADR	3.0%

<sup>(1)</sup> Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

## PORT STREET QUALITY GROWTH FUND

### SCHEDULE OF INVESTMENTS (UNAUDITED) SEPTEMBER 30, 2016

	<u>Shares</u>	<u>Value</u>
<b>COMMON STOCKS — 58.1%</b>		
<b>Consumer Discretionary — 2.0%</b>		
Omnicom Group, Inc.	3,200	\$ 272,000
Polaris Industries, Inc.	8,400	650,496
		<u>922,496</u>
<b>Consumer Staples — 9.8%</b>		
Coca-Cola Co.	80	3,386
PepsiCo, Inc.	8,200	891,914
Procter & Gamble Co.	13,700	1,229,575
Sysco Corp.	18,600	911,586
Wal-Mart Stores, Inc.	20,400	1,471,248
		<u>4,507,709</u>
<b>Financials — 3.0%</b>		
Berkshire Hathaway, Inc., Class B *	9,600	<u>1,386,912</u>
<b>Health Care — 11.1%</b>		
Becton, Dickinson & Co.	3,500	629,055
Biogen, Inc. *	3,200	1,001,696
Medtronic plc	5,200	449,280
Novo Nordisk — ADR	32,900	1,368,311
Varian Medical Systems, Inc. *	16,600	1,652,198
		<u>5,100,540</u>
<b>Industrials — 8.0%</b>		
C.H. Robinson Worldwide, Inc.	19,700	1,388,062
Expeditors International of Washington, Inc.	14,500	747,040
United Technologies Corp.	15,300	1,554,480
		<u>3,689,582</u>
<b>Information Technology — 24.2%</b>		
Accenture plc, Class A	9,500	1,160,615
Alphabet, Inc., Class A *	950	763,857
Apple, Inc.	20,100	2,272,305
Cisco Systems, Inc.	51,400	1,630,408
Cognizant Technology Solutions Corp., Class A *	15,100	720,421
International Business Machines Corp.	4,800	762,480
Microsoft Corp.	27,500	1,584,000
Oracle Corp.	48,800	1,916,864
Total Systems Services, Inc.	7,000	330,050
		<u>11,141,000</u>
<b>Total Common Stocks</b>		
<b>(Cost \$24,231,182)</b>		<u><b>26,748,239</b></u>

See Notes to the Financial Statements

## PORT STREET QUALITY GROWTH FUND

---

### SCHEDULE OF INVESTMENTS (UNAUDITED) – CONTINUED SEPTEMBER 30, 2016

	<u>Shares</u>	<u>Value</u>
<b>SHORT-TERM INVESTMENT — 42.5%</b>		
Invesco Treasury Portfolio, Institutional Class, 0.23% ^ (a) (Cost \$19,581,645)	19,581,645	<u>\$19,581,645</u>
<b>Total Investments — 100.6%</b> (Cost \$43,812,827)		<u>46,329,884</u>
<b>Other Assets and Liabilities, Net — (0.6)%</b>		<u>(282,343)</u>
<b>Total Net Assets — 100.0%</b>		<u><u>\$46,047,541</u></u>

\* Non-income producing security.

^ The rate shown is the annualized seven day effective yield as of September 30, 2016.

(a) Fair value of this security exceeds 25% of the Fund's assets. Additional information for this security, including the financial statements, is available from the SEC's EDGAR database at [www.sec.gov](http://www.sec.gov).

ADR — American Depositary Receipt

See Notes to the Financial Statements

## PORT STREET QUALITY GROWTH FUND

---

### STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED) SEPTEMBER 30, 2016

**ASSETS:**

Investments, at value (cost \$43,812,827)	\$46,329,884
Dividends & interest receivable	11,232
Receivable for capital shares sold	25,000
Prepaid expenses	8,605
Total assets	<u>46,374,721</u>

**LIABILITIES:**

Payable for investment securities purchased	257,710
Payable to investment adviser	23,726
Payable for fund administration & accounting fees	12,130
Payable for capital shares redeemed	396
Payable for compliance fees	2,537
Payable for transfer agent fees & expenses	6,718
Payable for custody fees	1,308
Payable for trustee fees	2,822
Accrued shareholder service fees	3,771
Accrued other fees	16,062
Total liabilities	<u>327,180</u>

**NET ASSETS** \$46,047,541

**NET ASSETS CONSIST OF:**

Paid-in capital	\$43,263,970
Accumulated undistributed net investment income	664
Accumulated undistributed net realized gain on investments	265,850
Net unrealized appreciation on investments	2,517,057
Net assets	<u>\$46,047,541</u>

Net assets	\$46,047,541
Shares issued and outstanding <sup>(1)</sup>	4,111,952
Net asset value, redemption price and offering price per share	\$ 11.20

<sup>(1)</sup> Unlimited shares authorized without par value.

See Notes to the Financial Statements

## PORT STREET QUALITY GROWTH FUND

---

### STATEMENT OF OPERATIONS (UNAUDITED) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2016

<b>INVESTMENT INCOME:</b>	
Dividend income	\$243,017
Less: Foreign taxes withheld	(1,871)
Interest income	22,822
Total investment income	<u>263,968</u>
<b>EXPENSES:</b>	
Investment adviser fees (See Note 4)	194,616
Fund administration & accounting fees (See Note 4)	35,912
Shareholder service fees (See Note 5)	18,587
Federal & state registration fees	14,646
Transfer agent fees & expenses (See Note 4)	13,703
Audit fees	7,951
Compliance fees (See Note 4)	7,128
Legal fees	6,954
Trustee fees	4,783
Other fees	3,294
Postage & printing fees	2,937
Custody fees (See Note 4)	2,901
Total expenses before waiver	313,412
Less: waiver from investment adviser (See Note 4)	(50,108)
Net expenses	<u>263,304</u>
<b>NET INVESTMENT INCOME</b>	<u>664</u>
<b>REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b>	
Net realized gain on investments	343,374
Net change in unrealized appreciation on investments	574,436
Net realized and unrealized gain on investments	<u>917,810</u>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<u>\$918,474</u>

See Notes to the Financial Statements

## PORT STREET QUALITY GROWTH FUND

---

### STATEMENTS OF CHANGES IN NET ASSETS

	<b>Six Months Ended September 30, 2016 (Unaudited)</b>	<b>Year Ended March 31, 2016</b>
<b>OPERATIONS:</b>		
Net investment income (loss)	\$ 664	\$ (13,297)
Net realized gain (loss) on investments	343,374	(5,901)
Net change in unrealized appreciation on investments	<u>574,436</u>	<u>1,564,774</u>
Net increase in net assets resulting from operations	<u>918,474</u>	<u>1,545,576</u>
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	9,547,094	29,308,349
Proceeds from reinvestment of distributions	—	69,340
Payments for shares redeemed	<u>(8,489,548)</u>	<u>(10,004,367)</u>
Net increase in net assets resulting from capital share transactions	<u>1,057,546</u>	<u>19,373,322</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
From net investment income	—	(3,987)
From net realized gains	<u>—</u>	<u>(85,554)</u>
Total distributions to shareholders	<u>—</u>	<u>(89,541)</u>
<b>TOTAL INCREASE IN NET ASSETS</b>	1,976,020	20,829,357
<b>NET ASSETS:</b>		
Beginning of period	<u>44,071,521</u>	<u>23,242,164</u>
End of period (including accumulated undistributed net investment income of \$664 and \$0, respectively)	<u>\$46,047,541</u>	<u>\$44,071,521</u>

See Notes to the Financial Statements

# PORT STREET QUALITY GROWTH FUND

## FINANCIAL HIGHLIGHTS

For a Fund share outstanding throughout the period	<u>Six Months Ended September 30, 2016 (Unaudited)</u>	<u>Year Ended March 31, 2016</u>	<u>Year Ended March 31, 2015</u>
<b>PER SHARE DATA:</b>			
Net asset value, beginning of period	\$10.97	\$10.61	\$10.00
Investment operations:			
Net investment income (loss)	0.00 <sup>(1)</sup>	(0.00) <sup>(1)</sup>	0.00 <sup>(1)</sup>
Net realized and unrealized gain on investments	<u>0.23</u>	<u>0.39</u>	<u>0.61</u>
Total from investment operations	<u>0.23</u>	<u>0.39</u>	<u>0.61</u>
Less distributions from:			
Net investment income	—	(0.00) <sup>(1)</sup>	—
Net realized gains	<u>—</u>	<u>(0.03)</u>	<u>—</u>
Total distributions	<u>—</u>	<u>(0.03)</u>	<u>—</u>
Net asset value, end of period	<u>\$11.20</u>	<u>\$10.97</u>	<u>\$10.61</u>
<b>TOTAL RETURN<sup>(2)</sup></b>	2.10%	3.65%	6.10%
<b>SUPPLEMENTAL DATA AND RATIOS:</b>			
Net assets, end of period (in millions)	\$46.0	\$44.1	\$23.2
Ratio of expenses to average net assets: <sup>(3)</sup>			
Before expense reimbursement/waiver	1.37%	1.59%	3.49%
After expense reimbursement/waiver	1.15%	1.15%	1.15%
Ratio of net investment income (loss) to average net assets: <sup>(3)</sup>			
Before expense reimbursement/waiver	(0.22)%	(0.48)%	(2.29)%
After expense reimbursement/waiver	0.00%	(0.04)%	0.05%
Portfolio turnover rate <sup>(2)</sup>	7%	9%	13%

<sup>(1)</sup> Amount per share is less than \$0.005.

<sup>(2)</sup> Not annualized for periods less than one year.

<sup>(3)</sup> Annualized for periods less than one year.

See Notes to the Financial Statements

# PORT STREET QUALITY GROWTH FUND

---

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) SEPTEMBER 30, 2016

### 1. ORGANIZATION

Managed Portfolio Series (the “Trust”) was organized as a Delaware statutory trust on January 27, 2011. The Trust is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Port Street Quality Growth Fund (the “Fund”) is a diversified series with its own investment objectives and policies within the Trust. The investment objective of the Fund is to seek total return. The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946 Financial Services — Investment Companies. The Fund commenced operations on April 1, 2014. The Fund currently offers an Institutional Class. Institutional Class shares are subject to a 0.10% shareholder servicing fee. The Fund may issue an unlimited number of shares of beneficial interest, with no par value.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with generally accepted accounting principles in the United States of America (“GAAP”).

*Security Valuation* — All investments in securities are recorded at their estimated fair value, as described in Note 3.

*Federal Income Taxes* — The Fund complies with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended, necessary to qualify as a regulated investment company and distributes substantially all net taxable investment income and net realized gains to shareholders in a manner which results in no tax cost to the Fund. Therefore, no federal income or excise tax provision is required. As of and during the period ended September 30, 2016, the Fund did not have any tax positions that did not meet the “more-likely-than-not” threshold of being sustained by the applicable tax authority. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits on uncertain tax positions as income tax expense in the Statement of Operations. As of and during the period ended September 30, 2016, the Fund did not have liabilities for any unrecognized tax benefits.

*Security Transactions, Income and Distributions* — The Fund follows industry practice and records security transactions on the trade date. Realized gains and losses on sales of securities are calculated on the basis of identified cost. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Withholding taxes on foreign dividends have been provided for in accordance with the Fund’s understanding of the applicable country’s tax rules and regulations.

The Fund distributes substantially all net investment income, if any, and net realized capital gains, if any, annually. Distributions to shareholders are recorded on the ex-dividend date. The treatment for financial reporting purposes of distributions made to shareholders during the year from net investment income or net realized capital gains may differ from their treatment for federal income tax purposes. These differences are caused primarily by differences in the timing of the recognition of certain components of income, expense or realized capital gain for federal income tax purposes. Where such differences are permanent in nature, GAAP requires that they be reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations or net asset values per share of the Fund.

*Expenses* — Expenses associated with a specific fund in the Trust are charged to that fund. Common expenses are allocated evenly between funds of the Trust, or by other equitable means.

# PORT STREET QUALITY GROWTH FUND

---

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) – CONTINUED SEPTEMBER 30, 2016

*Use of Estimates* — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 3. SECURITIES VALUATION

The Fund has adopted authoritative fair value accounting standards which establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value, a discussion in changes in valuation techniques and related inputs during the period and expanded disclosure of valuation levels for major security types. These inputs are summarized in the three broad levels listed below:

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 — Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 — Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

Following is a description of the valuation techniques applied to the Fund's major categories of assets and liabilities measured at fair value on a recurring basis. The Fund's investments are carried at fair value.

*Equity Securities* — Securities that are primarily traded on a national securities exchange are valued at the last sale price on the exchange on which they are primarily traded on the day of valuation or, if there has been no sale on such day, at the mean between the bid and ask prices. Securities traded primarily in the Nasdaq Global Market System for which market quotations are readily available are valued using the Nasdaq Official Closing Price ("NOCP"). If the NOCP is not available, such securities are valued at the last sale price on the day of valuation, or if there has been no sale on such day, at the mean between the bid and ask prices. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

*Mutual Funds* — Investments in other mutual funds, including money market funds, are valued at their net asset value per share and are categorized in Level 1 of the fair value hierarchy.

Securities for which market quotations are not readily available, or if the closing price does not represent fair value, are valued following procedures approved by the Board of Trustees. These procedures consider many factors, including the type of security, size of holding, trading volume and news events. There can be no assurance that the Fund could obtain the fair value assigned to a security if they were to sell the security at approximately the time at which the Fund determines their net asset values per share. The Board of Trustees has established a Valuation Committee to administer, implement, and oversee the fair valuation process, and to make fair value decisions when necessary. The Board of Trustees regularly reviews reports of the Valuation Committee that describe any fair value determinations and methods.

## PORT STREET QUALITY GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) – CONTINUED SEPTEMBER 30, 2016

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Fund's securities as of September 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$26,748,239	\$ —	\$ —	\$26,748,239
Short-Term Investment	19,581,645	—	—	19,581,645
<b>Total Investments in Securities</b>	<u>\$46,329,884</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$46,329,884</u>

Transfers between levels are recognized at the end of the reporting period. During the period ended September 30, 2016, the Fund recognized no transfers between levels. The Fund did not invest in any Level 3 investments during the period. Refer to the Schedule of Investments for further information on the classification of investments.

#### 4. INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

The Trust has an agreement with the Adviser to furnish investment advisory services to the Fund. Pursuant to an Investment Advisory Agreement between the Trust and the Adviser, the Adviser is entitled to receive, on a monthly basis, an annual advisory fee equal to 0.85% on the first \$100 million of net assets, 0.80% on the next \$150 million of net assets, 0.75% on the next \$500 million of net assets, and 0.70% on net assets over \$750 million.

The Adviser has engaged Saratoga Research & Investment Management (the "Sub-Adviser") as the Sub-Adviser to the Fund. Subject to the supervision of the Adviser, the Sub-Adviser is primarily responsible for the day-to-day management of the Fund's portfolio, including purchase, retention and sale of securities. Pursuant to a Sub-Advisory Agreement, the Adviser pays the Sub-Adviser, on a quarterly basis, a sub-advisory fee based on the Fund's average net assets at month-end at an annual rate of 0.20% on the first \$100 million of net assets, 0.30% on the next \$400 million, and 0.35% on net assets over \$500 million.

The Adviser has contractually agreed to waive a portion or all of its management fees and reimburse the Fund for its expenses to ensure that total annual operating expenses (excluding acquired fund fees and expenses, leverage, interest, taxes, brokerage commissions and extraordinary expenses) for the Fund do not exceed 1.15% of the average daily net assets. Fees waived and expenses reimbursed by the Adviser may be recouped by the Adviser for a period of three fiscal years following the fiscal year during which such reimbursement or reduction was made if such recoupment can be achieved without exceeding the expense limit in effect at the time the waiver and/or reimbursement occurred. The Operating Expense Limitation Agreement is intended to be continual in nature and cannot be terminated within a year after the effective date of the Fund's prospectus. After the date, the agreement may be terminated at any time upon 60 days' written notice by the Trust's Board of Trustees or the Adviser, with the consent of the Board. Waived fees and reimbursed expenses subject to potential recovery by year of expiration are as follows:

<u>Expiration</u>	<u>Amount</u>
3/31/2018	\$181,104
3/31/2019	\$136,245
3/31/2020	\$ 50,108

U.S. Bancorp Fund Services, LLC ("USBFS" or the "Administrator") acts as the Fund's Administrator, Transfer Agent, and Fund Accountant. U.S. Bank, N.A. (the "Custodian") serves as the custodian to the Fund. The Custodian is an affiliate of the Administrator. The Administrator performs various administrative and accounting services for the Fund. The Administrator prepares various federal and state regulatory filings, reports and returns for the Fund;

# PORT STREET QUALITY GROWTH FUND

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) – CONTINUED SEPTEMBER 30, 2016

prepares reports and materials to be supplied to the Trustees; monitors the activities of the Fund's custodian; coordinates the payment of the Fund's expenses and reviews the Fund's expense accruals. The officers of the Trust including the Chief Compliance Officer are employees of the Administrator. A Trustee of the Trust is an officer of the Administrator. As compensation for its services, the Administrator is entitled to a monthly fee at an annual rate based upon the average daily net assets of the Fund, subject to annual minimums. Fees paid by the Fund for administration and accounting, transfer agency, custody and compliance services for the period ended September 30, 2016, are disclosed in the Statement of Operations.

Quasar Distributors, LLC (the "Distributor") acts as the Fund's principal underwriter in a continuous public offering of the Fund's shares. The Distributor is an affiliate of the Administrator. A Trustee of the Trust is an interested person of the Distributor.

### 5. SHAREHOLDER SERVICING FEES

The Fund has entered into a shareholder servicing agreement (the "Agreement") with the Adviser, under which the Fund may pay a servicing fee at an annual rate of 0.10% of the average daily net assets of the Institutional Class. Payments to the Adviser under the Agreement may reimburse the Adviser for payments it makes to selected brokers, dealers and administrators which have entered into service agreements with the Adviser for services provided to shareholders of the Fund. The services provided by such intermediaries are primarily designed to assist shareholders of the Fund and include the furnishing of office space and equipment, telephone facilities, personnel and assistance to the Fund in servicing such shareholders. Services provided by such intermediaries also include the provision of support services to the Fund and includes establishing and maintaining shareholders' accounts and record processing, purchase and redemption transactions, answering routine client inquiries regarding the Fund, and providing such other personal services to shareholders as the Fund may reasonably request. For the period ended September 30, 2016, the Fund incurred \$18,587 in shareholder servicing fees under the Agreement.

### 6. CAPITAL SHARE TRANSACTIONS

Transactions in shares of the Fund were as follows:

	<u>Six Months Ended September 30, 2016 (Unaudited)</u>	<u>Year Ended March 31, 2016</u>
Shares sold	862,460	2,770,172
Shares issued to holders in reinvestment of dividends	—	6,554
Shares redeemed	(768,981)	(949,782)
Net increase in shares outstanding	<u>93,479</u>	<u>1,826,944</u>

### 7. INVESTMENT TRANSACTIONS

The aggregate purchases and sales, excluding short-term investments, by the Fund for the period ended September 30, 2016, were as follows:

	<u>Purchases</u>	<u>Sales</u>
U.S. Government	\$ —	\$ —
Other	\$3,205,913	\$1,784,875

## PORT STREET QUALITY GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) – CONTINUED SEPTEMBER 30, 2016

#### 8. FEDERAL TAX INFORMATION

The aggregate gross unrealized appreciation and depreciation of securities held by the Fund and the total cost of securities for federal income tax purposes at March 31, 2016, the Fund's most recent fiscal year end, were as follows:

Aggregate Gross Appreciation	Aggregate Gross Depreciation	Net Appreciation	Federal Income Tax Cost
\$2,389,328	\$(456,349)	\$1,932,979	\$42,041,080

The difference between book-basis and tax-basis unrealized appreciation is attributable primarily to the differences in tax treatment of wash sales.

At March 31, 2016, the Fund's most recent fiscal year end, components of accumulated earnings on a tax-basis were as follows:

Undistributed Ordinary Income	Unrealized Appreciation	Other Accumulated Losses	Total Accumulated Earnings
\$—	\$1,932,979	\$(67,882)	\$1,865,097

As of March 31, 2016, the Fund did not have any capital loss carryovers. A regulated investment company may elect for any taxable year to treat any portion of any qualified late year loss as arising on the first day of the next taxable year. Qualified late year losses are certain capital, and ordinary losses which occur during the portion of the Fund's taxable year subsequent to October 31 and December 31, respectively. For the taxable year ended March 31, 2016, the Fund deferred on a tax-basis, short-term post October losses of \$32,503 and long-term post October losses of \$35,379.

There were no distributions paid by the Fund for the period ended September 30, 2016.

The tax character of distributions paid during the year ended March 31, 2016, were as follows:

Ordinary Income*	Long Term Capital Gains	Total
\$74,109	\$15,432	\$89,541

\* For federal income tax purposes, distributions of short-term capital gains are treated as ordinary income.

#### 9. CONTROL OWNERSHIP

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the fund, under Section 2(a)(9) of the Investment Company Act of 1940. As of September 30, 2016, Charles Schwab & Co., Inc., for the benefit of its customers, owned 57.08% of the outstanding shares of the Fund.

# PORT STREET QUALITY GROWTH FUND

---

## ADDITIONAL INFORMATION (UNAUDITED) SEPTEMBER 30, 2016

### AVAILABILITY OF FUND PORTFOLIO INFORMATION

The Fund files complete schedules of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q, which is available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. For information on the Public Reference Room call 1-800-SEC-0330. In addition, the Fund's Form N-Q is available without charge upon request by calling 1-855-369-6220.

### AVAILABILITY OF PROXY VOTING INFORMATION

A description of the Fund's Proxy Voting Policies and Procedures is available without charge, upon request, by calling 1-855-369-6220. Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12 month period ended June 30, is available (1) without charge, upon request, by calling 1-855-369-6220, or (2) on the SEC's website at [www.sec.gov](http://www.sec.gov).

## PRIVACY NOTICE

The Fund collects only relevant information about you that the law allows or requires it to have in order to conduct its business and properly service you. The Fund collects financial and personal information about you ("Personal Information") directly (e.g., information on account applications and other forms, such as your name, address, and social security number, and information provided to access account information or conduct account transactions online, such as password, account number, e-mail address, and alternate telephone number), and indirectly (e.g., information about your transactions with us, such as transaction amounts, account balance and account holdings).

**The Fund does not disclose any non-public personal information about its shareholders or former shareholders other than for everyday business purposes such as to process a transaction, service an account, respond to court orders and legal investigations or as otherwise permitted by law. Third parties that may receive this information include companies that provide transfer agency, technology and administrative services to the Fund, as well as the Fund's investment adviser who is an affiliate of the Fund. If you maintain a retirement/educational custodial account directly with the Fund, we may also disclose your Personal Information to the custodian for that account for shareholder servicing purposes. The Fund limits access to your Personal Information provided to unaffiliated third parties to information necessary to carry out their assigned responsibilities to the Fund. All shareholder records will be disposed of in accordance with applicable law. The Fund maintains physical, electronic and procedural safeguards to protect your Personal Information and requires its third party service providers with access to such information to treat your Personal Information with the same high degree of confidentiality.**

**In the event that you hold shares of the Fund through a financial intermediary, including, but not limited to, a broker-dealer, credit union, bank or trust company, the privacy policy of your financial intermediary governs how your non-public personal information is shared with unaffiliated third parties.**

**INVESTMENT ADVISER**

Port Street Investments, LLC  
24 Corporate Plaza, Suite 150  
Newport Beach, CA 92660

**INVESTMENT SUB-ADVISER**

Saratoga Research & Investment Management  
14471 Big Basin Way, Suite E  
Saratoga, CA 95070

**DISTRIBUTOR**

Quasar Distributors, LLC  
615 East Michigan Street  
Milwaukee, WI 53202

**CUSTODIAN**

U.S. Bank, N.A.  
1555 North Rivercenter Drive  
Milwaukee, WI 53212

**ADMINISTRATOR, FUND ACCOUNTANT  
AND TRANSFER AGENT**

U.S. Bancorp Fund Services, LLC  
615 E. Michigan Street  
Milwaukee, WI 53202

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Cohen & Company, Ltd.  
1350 Euclid Avenue, Suite 800  
Cleveland, OH 44115

**LEGAL COUNSEL**

Stradley Ronon Stevens & Young, LLP.  
2005 Market Street, Suite 2600  
Philadelphia, PA 19103

*This report should be accompanied or preceded by a prospectus.*

*The Fund's Statement of Additional Information contains additional information about the Fund's trustees and is available without charge upon request by calling 1-855-369-6220.*