



AC ONE CHINA FUND

INSTITUTIONAL CLASS – ACOIX

SEMI-ANNUAL REPORT

DECEMBER 31, 2017

AC ONE CHINA FUND

Dear Shareholders,

The AC ONE China Fund (the “Fund”) enjoyed higher valuations during the first half of this fiscal year ended December 31, 2017. These returns compared favorably with the Fund’s benchmarks as shown in the chart below. Six-month Fund performance for the Institutional class was 4.32% ahead of the Hang Seng Index and 2.94% behind the MSCI China Index. Most importantly to shareholders with long-term perspectives, returns from inception continue to compare favorably with the indices.

| | 3 MONTH RETURN | 6 MONTH RETURN | 1 YEAR RETURN | 5 YEAR RETURN | RETURN FROM INCEPTION⁽¹⁾ |
|---------------------------------|-------------------------------|-------------------------------|------------------------------|------------------------------|--|
| Hang Seng Index ⁽²⁾ | 8.58% | 16.13% | 35.99% | 5.72% | 8.43% |
| MSCI China Index ⁽³⁾ | 7.62% | 23.39% | 54.07% | 9.90% | 12.71% |
| AC ONE China Fund | 8.18% | 20.45% | 45.76% | 10.21% | 12.22% |

(1) July 27, 2012

(2) The Hang Seng Index is a free float-adjusted market capitalization index designed to measure the equity market in Hong Kong. This index cannot be invested in directly.

(3) The MSCI China Index tracks the evolving China domestic equity market through a combination of the largest securities and a bottom-up sampling approach to index construction for those securities that meet minimum size and liquidity thresholds, with constituents then adjusted for free float.

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 of the fund may be lower or higher than the performance quoted. Returns for periods greater than one year are annualized. The fund has a 2.00% redemption fee for funds which are redeemed within 60 days if purchase, which is also not reflected in the performance data. If reflected, the fee would reduce the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-888-964-0788.

Gross Expense Ratio – 3.69%

The Fund Manager continues to monitor the opportunities of mainland-listed Chinese shares as potential components of the Fund as those markets develop, but to-date only holds H shares (listed in Hong Kong) and Chinese-related shares listed on the New York Stock Exchange. The Manager considers it an eventuality that the Fund will someday hold mainland listed and traded shares, but this will happen only when the manager deems such shares and markets as offering the required levels of liquidity and transparency.

The Manager’s investment strategy continues to focus on companies offering goods and services to the growing Chinese middle class. Over-weighted allocations into sectors that best expose shareholders to these consumer-driven sectors, by definition, require underweighting in other sectors. Therefore, the Fund differs from the weightings of the benchmark indices in several ways.

Holdings within the consumer goods and services sectors represent allocations greater than the MSCI China Index and over twice that of the Hang Seng Index. Over the six months ended December 31, 2017, this overweighting has enhanced the Fund’s performance relative to the indices. Healthcare-oriented firms represent 7.7% of the Fund against no representation whatsoever in the Hang Seng Index and just 2.4% of the MSCI China Index. Technology-related holdings, particularly internet software and service companies, which represent 29.2% of the Fund vs. 10.9% for the Hang Seng Index, but 41.2% had the greatest impact on the Fund’s outperformance against the Hang Seng Index and underperformance against the MSCI China Index.

AC ONE CHINA FUND

Conversely, the Fund's substantial underweighting of financial holdings, comprising 21.3% of the Fund, was less than half that of the Hang Seng Index and below that of the MSCI China Funds. Financial holding selections emphasized consumer-oriented services such as diversified insurance companies and credit card issuers. While this underweighting did not have a significant impact on relative performance, the Manager believes these shares carry more risk over time and therefore the Fund's reduced holdings reduced risk. To remove what the Manager perceives as additional risk, the Fund hold no property-related holdings compared to 11.5% for the Hang Seng Index and 4.7% for the MSCI Index.

China's 2017 Gross Domestic Product (GDP) was 6.7% and the growing activity of Chinese consumers continues to exert positive forces on both economic activity and over-reliance on debt for growth.

With the strong returns of Chinese equities in 2017 (even compared to North American equity returns), the relative discount Chinese equities held against North American equity valuations narrowed somewhat. At December 31, 2017, the Hang Seng Index traded at 16.0 times trailing earnings and yielded 2.98% compared to 25.0 times trailing earnings with average yields of 1.85% for the S&P 500 Index. Based on only these basic measures of value, Chinese equities appear to represent a discount to the S&P 500 Index of approximately 40%.

The Manager will work to build on the success of 2017 and remains focused on the consumer-based strategy that the Manager believes hold opportunity for North American investors to participate in long-term Chinese growth and diversification.

Respectively



Patrick Pascal
Co-President

Past performance does not guarantee future results.

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.

Mutual fund investing involves risk. Principal loss is possible. The Fund invests in small and mid-cap companies, which involve additional risks such as limited liquidity and greater volatility. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging markets. Because the fund is focused on Chinese companies it is subject to greater risk of adverse events in the country and region.

Fund holdings and sector allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

The Hang Seng Index is a free float-adjusted market capitalization index designed to measure the equity market in Hong Kong.

The MSCI China Index tracks the evolving China domestic equity market through a combination of the largest securities and a bottom-up sampling approach to index construction for those securities that meet minimum size and liquidity thresholds, with constituents then adjusted for free float.

The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general.

One cannot invest directly in an index.

Price/Earnings Ratio is a common tool for comparing the prices of different common stocks and is calculated by dividing the current market price of a stock by the earnings per share.

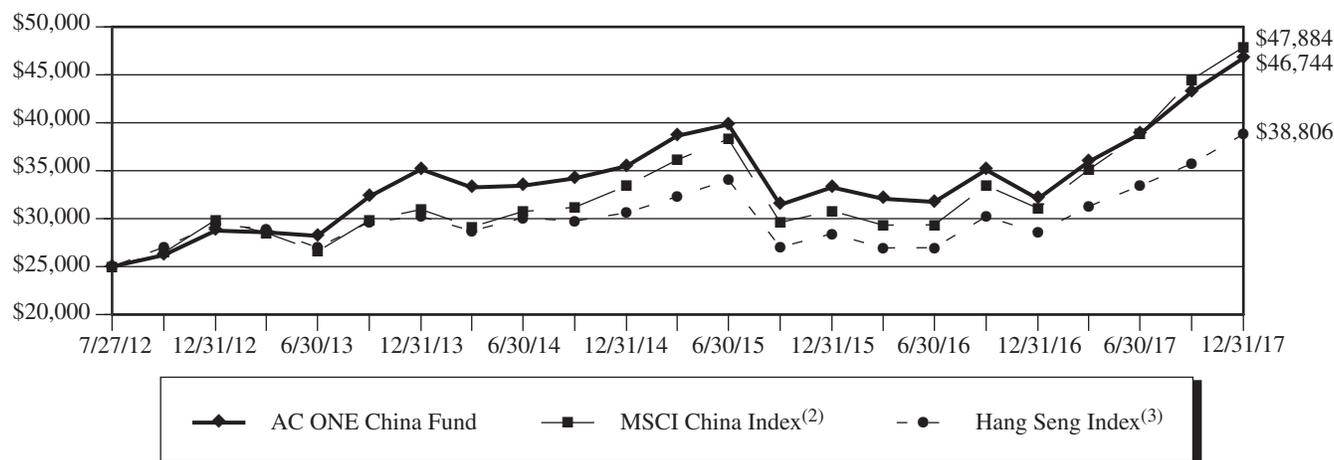
Dividend Yield is calculated by annualizing the last quarterly dividend paid and dividing it by the current share price.

The material must be preceded or accompanied by a prospectus.

The AC ONE China Fund is distributed by Quasar Distributors, LLC.

AC ONE CHINA FUND

VALUE OF \$25,000 INVESTMENT (UNAUDITED)



The chart assumes an initial investment of \$25,000. Performance reflects waivers of fees 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 December 31, 2017

| | <u>One Year</u> | <u>Three Years</u> | <u>Five Years</u> | <u>Since Inception⁽¹⁾</u> |
|---------------------------------|-----------------|--------------------|-------------------|--------------------------------------|
| AC ONE China Fund | 45.76% | 9.63% | 10.21% | 12.22% |
| MSCI China Index ⁽²⁾ | 54.07% | 12.74% | 9.90% | 12.71% |
| Hang Seng Index ⁽³⁾ | 35.99% | 8.22% | 5.72% | 8.43% |

(1) July 27, 2012.

(2) The MSCI China Index tracks the evolving China domestic equity market through a combination of the largest securities and a bottom-up sampling approach to index construction for those securities that meet minimum size and liquidity thresholds, with constituents than adjusted for free float.

(3) The Hang Seng Index is a free float-adjusted market capitalization-weighted stock market index in Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of the overall market performance in Hong Kong.

AC ONE CHINA FUND

EXPENSE EXAMPLE (UNAUDITED) DECEMBER 31, 2017

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, and (2) ongoing costs, including management 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 (July 1, 2017 – December 31, 2017).

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 expense 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, such as redemption fees or exchange fees. 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.

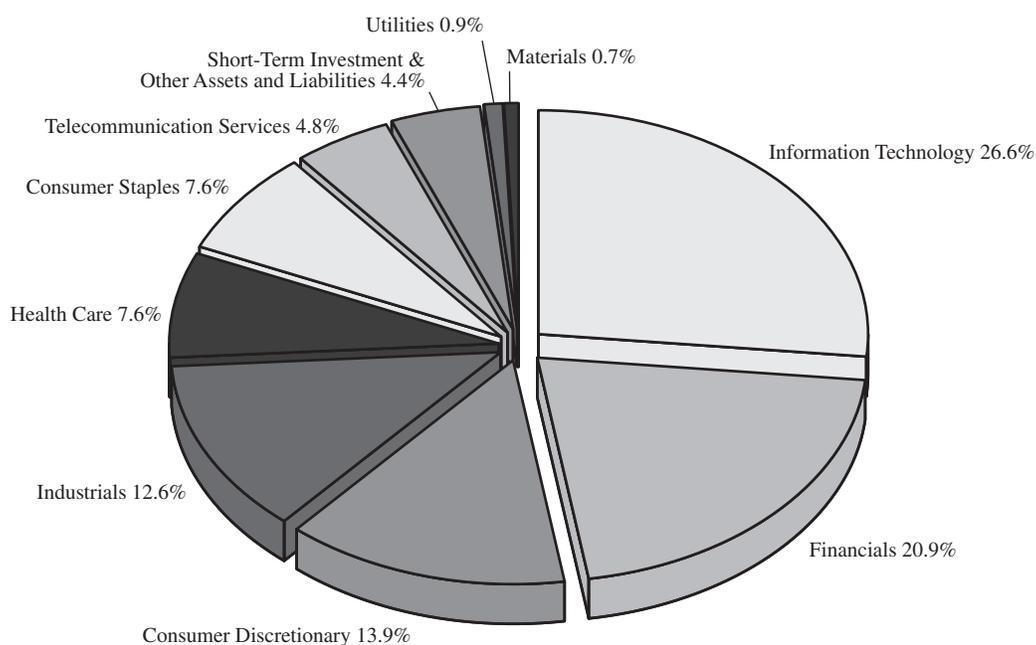
| | Beginning Account Value 7/1/2017 | Ending Account Value 12/31/2017 | Expenses Paid During Period⁽¹⁾ 7/1/2017 to 12/31/2017 |
|--|---|--|---|
| AC ONE China Fund Actual ⁽²⁾ | \$1,000.00 | \$1,204.50 | \$9.45 |
| AC ONE China Fund Hypothetical (5% annual return before expenses) | \$1,000.00 | \$1,016.64 | \$8.64 |

(1) Expenses are equal to the Fund’s annualized expense ratio for the most recent six-month period of 1.70% for the Fund multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

(2) Based on the actual returns for the six-month period ended December 31, 2017 of 20.45% for the Fund.

AC ONE CHINA FUND

SECTOR ALLOCATION (UNAUDITED) AS OF DECEMBER 31, 2017⁽¹⁾ (% OF NET ASSETS)



TOP TEN EQUITY HOLDINGS (UNAUDITED) AS OF DECEMBER 31, 2017⁽¹⁾⁽²⁾ (% OF NET ASSETS)

| | |
|--|-------|
| Tencent Holdings | 12.9% |
| Alibaba Group Holding – ADR | 7.7 |
| Ping An Insurance Group, Class H | 6.1 |
| China Mengniu Dairy | 4.3 |
| China Mobile | 3.3 |
| CSPC Pharmaceutical Group | 3.0 |
| Industrial & Commercial Bank of China, Class H | 2.9 |
| Zhuzhou CSR Times Electric, Class H | 2.7 |
| Baidu – ADR | 2.7 |
| Sinopharm Group, Class H | 2.6 |

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

(2) Short-term investments are not included.

AC ONE CHINA FUND

SCHEDULE OF INVESTMENTS (UNAUDITED) DECEMBER 31, 2017

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|------------------|
| COMMON STOCKS – 95.6% | | |
| Consumer Discretionary – 13.9% | | |
| Anta Sports Products | 77,000 | \$ 349,380 |
| BYD Company, Class H | 37,500 | 325,781 |
| China Literature* | 417 | 4,449 |
| Ctrip.com International – ADR* | 8,850 | 390,285 |
| Great Wall Motor, Class H | 136,000 | 155,233 |
| Haier Electronics Group | 106,000 | 288,932 |
| IMAX China Holding* | 107,000 | 319,446 |
| Man Wah Holdings | 89,200 | 84,578 |
| Samsonite International | 55,700 | 255,941 |
| | | <u>2,174,025</u> |
| Consumer Staples – 7.6% | | |
| China Mengniu Dairy | 228,000 | 677,282 |
| Hengan International Group | 26,500 | 293,408 |
| Tsingtao Brewery, Class H | 42,000 | 216,301 |
| | | <u>1,186,991</u> |
| Financials – 20.9% | | |
| Bank Of China, Class H | 471,000 | 230,666 |
| China Life Insurance, Class H | 101,000 | 314,970 |
| CITIC | 60,000 | 86,566 |
| CITIC Securities, Class H | 175,000 | 359,947 |
| Haitong International Securities Group | 85,000 | 48,347 |
| Haitong Securities, Class H | 168,400 | 243,770 |
| Hong Kong Exchanges & Clearing | 8,700 | 266,118 |
| Industrial & Commercial Bank of China, Class H | 571,000 | 457,733 |
| PICC Property & Casualty, Class H | 159,668 | 305,888 |
| Ping An Insurance Group, Class H | 92,000 | 954,230 |
| | | <u>3,268,235</u> |
| Health Care – 7.6% | | |
| CSPC Pharmaceutical Group | 234,000 | 471,421 |
| Sino Biopharmaceutical | 175,000 | 309,384 |
| Sinopharm Group, Class H | 94,800 | 408,379 |
| | | <u>1,189,184</u> |
| Industrials – 12.6% | | |
| Air China, Class H | 321,000 | 388,738 |
| AviChina Industry & Technology, Class H | 315,000 | 167,724 |
| Beijing Capital International Airport, Class H | 137,000 | 206,208 |
| China Eastern Airlines | 500,000 | 362,864 |
| China Everbright International | 136,000 | 194,024 |

See Notes to the Financial Statements

AC ONE CHINA FUND

SCHEDULE OF INVESTMENTS (UNAUDITED) – CONTINUED DECEMBER 31, 2017

| | <u>Shares</u> | <u>Value</u> |
|---|---------------|---------------------|
| Industrials – 12.6% (Continued) | | |
| CRRC, Class H | 215,000 | \$ 229,313 |
| Zhuzhou CSR Times Electric, Class H | 64,500 | 418,609 |
| | | <u>1,967,480</u> |
| Information Technology# – 26.6% | | |
| AAC Technologies | 14,500 | 256,628 |
| Alibaba Group Holding – ADR* | 6,960 | 1,200,113 |
| Baidu – ADR* | 1,785 | 418,065 |
| Tencent Holdings | 38,900 | 2,013,384 |
| TravelSky Technology, Class H | 94,000 | 280,991 |
| | | <u>4,169,181</u> |
| Materials – 0.7% | | |
| China Lumena New Materials*(a) | 284,000 | 1,817 |
| Nine Dragons Paper Holdings | 67,000 | 107,057 |
| | | <u>108,874</u> |
| Telecommunication Services – 4.8% | | |
| China Mobile | 51,500 | 520,770 |
| China Telecom, Class H | 482,000 | 228,618 |
| | | <u>749,388</u> |
| Utilities – 0.9% | | |
| China Resources Gas Group | 40,000 | 144,783 |
| Total Common Stocks (Cost \$10,234,013) | | <u>14,958,141</u> |
| SHORT TERM INVESTMENT – 4.6% | | |
| Invesco Government Tax Advantage Portfolio, Institutional Class, 1.07%^ (Cost \$711,012) | 711,012 | 711,012 |
| Total Investments – 100.2% (Cost \$10,945,025) | | 15,669,153 |
| Other Assets and Liabilities, Net – (0.2)% | | <u>(25,478)</u> |
| Total Net Assets – 100.0% | | <u>\$15,643,675</u> |

* Non-income producing security.

The Fund is significantly invested in this sector and therefore is subject to additional risks. See note 9 in Notes to Financial Statements.

(a) Security considered illiquid and is categorized in Level 3 of the fair value hierarchy. See notes 2 and 3 in Notes to Financial Statements.

^ Variable Rate Security – The rate shown is the annualized seven day effective yield as of December 31, 2017.

ADR – American Depositary Receipt

See Notes to the Financial Statements

AC ONE CHINA FUND

STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED) DECEMBER 31, 2017

ASSETS:

| | |
|--|-------------------|
| Investments, at value (cost \$10,945,025) | \$15,669,153 |
| Cash | 25 |
| Dividends & interest receivable | 3,091 |
| Prepaid expenses | 8,825 |
| Total assets | <u>15,681,094</u> |

LIABILITIES:

| | |
|---|---------------|
| Payable to Adviser, net | 3,194 |
| Payable for fund administration & accounting fees | 9,487 |
| Payable for compliance fees | 2,084 |
| Payable for transfer agent fees & expenses | 4,415 |
| Payable for custody fees | 3,225 |
| Payable for trustee fees | 2,963 |
| Accrued expenses | 12,051 |
| Total liabilities | <u>37,419</u> |

NET ASSETS \$15,643,675

NET ASSETS CONSIST OF:

| | |
|---|---------------------|
| Paid-in capital | \$10,952,929 |
| Accumulated undistributed net investment loss | (23,482) |
| Accumulated undistributed net realized loss on investments | (9,937) |
| Net unrealized appreciation on investments and translations of foreign currency | 4,724,165 |
| Net Assets | <u>\$15,643,675</u> |

Shares issued and outstanding⁽¹⁾ 909,552

Net asset value, redemption price and minimum offering price per share⁽²⁾ \$17.20

(1) Unlimited shares authorized.

(2) A redemption fee of 2.00% is assessed against shares redeemed within 60 days of purchase.

See Notes to the Financial Statements

AC ONE CHINA FUND

STATEMENT OF OPERATIONS (UNAUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

INVESTMENT INCOME:

| | |
|------------------------------|-----------------|
| Interest income | \$ 1,833 |
| Dividend income | 111,934 |
| Less: Foreign taxes withheld | <u>(11,427)</u> |
| Total investment income | <u>102,340</u> |

EXPENSES:

| | |
|---|-----------------|
| Investment adviser fees (See Note 4) | 88,284 |
| Fund administration & accounting fees (See Note 4) | 41,748 |
| Federal & state registration fees | 14,438 |
| Transfer agent fees & expenses (See Note 4) | 13,652 |
| Custody fees (See Note 4) | 10,227 |
| Audit fees | 8,565 |
| Compliance fees (See Note 4) | 6,268 |
| Trustee fees (See Note 4) | 4,404 |
| Legal fees | 3,698 |
| Other | 3,484 |
| Postage & printing fees | <u>2,855</u> |
| Total expenses before reimbursement | 197,623 |
| Less: reimbursement/waiver from investment adviser (See Note 4) | <u>(77,556)</u> |
| Net expenses | <u>120,067</u> |

NET INVESTMENT LOSS (17,727)

**REALIZED AND UNREALIZED GAIN ON
INVESTMENTS AND FOREIGN CURRENCY:**

| | |
|---|------------------|
| Net realized gain on investments, including foreign currency | 149,786 |
| Net change in unrealized appreciation on investments and translations of foreign currency | <u>2,435,155</u> |
| Net realized and unrealized gain on investments and foreign currency | <u>2,584,941</u> |

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS \$2,567,214

See Notes to the Financial Statements

AC ONE CHINA FUND

STATEMENTS OF CHANGES IN NET ASSETS

| | <u>For the Six Months Ended December 31, 2017</u> | <u>For the Year Ended June 30, 2017</u> |
|--|---|---|
| OPERATIONS: | | |
| Net investment loss | \$ (17,727) | \$ (57,224) |
| Net realized gain on investments, including foreign currency | 149,786 | 158,717 |
| Net change in unrealized appreciation on investments and translations of foreign currency | <u>2,435,155</u> | <u>2,049,589</u> |
| Net increase in net assets resulting from operations | <u>2,567,214</u> | <u>2,151,082</u> |
| CAPITAL SHARE TRANSACTIONS: | | |
| Investor Class ⁽¹⁾ : | | |
| Proceeds from shares sold | — | 13,006 |
| Proceeds from reinvestment of distributions | — | — |
| Payment for conversion to Institutional Class shares | — | (673,959) |
| Payments for shares redeemed | — | (334,714) |
| Redemption fees | — | 5 |
| Decrease in net assets from Investor Class transactions | <u>—</u> | <u>(995,662)</u> |
| Institutional Class: | | |
| Proceeds from shares sold | 1,121,598 | 2,493,804 |
| Proceeds from conversion of Investor Class shares | — | 673,959 |
| Proceeds from reinvestment of distributions | — | 12,907 |
| Payments for shares redeemed | (33,823) | (2,299,497) |
| Redemption fees | — | 50 |
| Increase in net assets from Institutional Class transactions | <u>1,087,775</u> | <u>881,223</u> |
| Net increase (decrease) in net assets resulting from capital share transactions | <u>1,087,775</u> | <u>(114,439)</u> |
| DISTRIBUTIONS TO SHAREHOLDERS: | | |
| From net investment income: | | |
| Investor Class ⁽¹⁾ | — | — |
| Institutional Class | — | (15,342) |
| From net realized gains: | | |
| Investor Class ⁽¹⁾ | — | — |
| Institutional Class | — | — |
| Total distributions to shareholders | <u>—</u> | <u>(15,342)</u> |
| TOTAL INCREASE IN NET ASSETS | <u>3,654,989</u> | <u>2,021,301</u> |
| NET ASSETS: | | |
| Beginning of year | <u>11,988,686</u> | <u>9,967,385</u> |
| End of year, including accumulated undistributed net investment loss of \$(23,482) and \$(5,755), respectively. | <u>\$15,643,675</u> | <u>\$11,988,686</u> |

(1) Investor Class shares converted to Institutional Class shares on January 31, 2017.

See Notes to the Financial Statements

AC ONE CHINA FUND

FINANCIAL HIGHLIGHTS

| | Six Months Ended December 31, 2017 | Year Ended June 30, 2017 | Year Ended June 30, 2016 | Year Ended June 30, 2015 | Year Ended June 30, 2014 | For the Period Inception Through June 30, 2013 ⁽¹⁾ |
|---|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---|
| PER SHARE DATA:⁽²⁾ | | | | | | |
| Net asset value, beginning of period | <u>\$14.28</u> | <u>\$11.70</u> | <u>\$14.74</u> | <u>\$13.10</u> | <u>\$11.28</u> | <u>\$10.00</u> |
| INVESTMENT OPERATIONS: | | | | | | |
| Net investment income (loss) | (0.02) | (0.08) | 0.02 | (—) ⁽³⁾ | 0.07 | 0.04 |
| Net realized and unrealized gain (loss) on investments and translations of foreign currency | <u>2.94</u> | <u>2.68</u> | <u>(3.01)</u> | <u>2.39</u> | <u>2.04</u> | <u>1.24</u> |
| Total from investment operations | <u>2.92</u> | <u>2.60</u> | <u>(2.99)</u> | <u>2.39</u> | <u>2.11</u> | <u>1.28</u> |
| LESS DISTRIBUTIONS: | | | | | | |
| Dividends from net investment income | — | (0.02) | — | (0.04) | (0.06) | — |
| Dividends from net realized gains | <u>—</u> | <u>—</u> | <u>(0.05)</u> | <u>(0.71)</u> | <u>(0.23)</u> | <u>—</u> |
| Total distributions | <u>—</u> | <u>(0.02)</u> | <u>(0.05)</u> | <u>(0.75)</u> | <u>(0.29)</u> | <u>—</u> |
| Paid-in capital from redemption fees | <u>—</u> | <u>—⁽³⁾</u> | <u>—⁽³⁾</u> | <u>—⁽³⁾</u> | <u>—</u> | <u>—⁽³⁾</u> |
| Net asset value, end of period | <u>\$17.20</u> | <u>\$14.28</u> | <u>\$11.70</u> | <u>\$14.74</u> | <u>\$13.10</u> | <u>\$11.28</u> |
| TOTAL RETURN⁽⁴⁾ | 20.45% | 22.25% | (20.28)% | 19.09% | 18.57% | 12.80% |
| SUPPLEMENTAL DATA AND RATIOS: | | | | | | |
| Net assets, end of period (in 000's) | \$15,644 | \$11,989 | \$9,029 | \$12,336 | \$8,963 | \$6,712 |
| Ratio of expenses to average net assets: | | | | | | |
| Before expense reimbursement/waiver ⁽⁵⁾ | 2.80% | 3.68% | 3.78% | 3.66% | 4.36% | 8.34% |
| After expense reimbursement/waiver ⁽⁵⁾ | 1.70% | 1.70% | 1.70% | 1.70% | 1.70% | 1.70% |
| Ratio of net investment income (loss) to average net assets: | | | | | | |
| Before expense reimbursement/waiver ⁽⁵⁾ | (1.35)% | (2.54)% | (1.92)% | (1.98)% | (2.11)% | (5.98)% |
| After expense reimbursement/waiver ⁽⁵⁾ | (0.25)% | (0.56)% | 0.16% | (0.02)% | 0.55% | 0.66% |
| Portfolio turnover rate ⁽⁴⁾ | 3% | 16% | 18% | 21% | 42% | 15% |

(1) Inception date of the Fund was July 27, 2012.

(2) For a Fund share outstanding for the entire period.

(3) Amount per share is less than \$0.01.

(4) Not annualized for periods less than one year.

(5) Annualized for periods less than one year.

See Notes to the Financial Statements

AC ONE CHINA FUND

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) DECEMBER 31, 2017

1. ORGANIZATION

Managed Portfolio Series (the “Trust”) was organized as a Delaware statutory trust under a Declaration of Trust dated 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 AC ONE China Fund (the “Fund”) is a diversified series with its own investment objectives and policies within the Trust. The investment objective of the Fund is capital appreciation and income. 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 Board Codification Topic 946 Financial Services – Investment Companies. The Fund commenced operations on July 27, 2012. The Fund currently offers only Institutional Class shares. 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 December 31, 2017, 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. As of and during the period ended December 31, 2017, the Fund did not incur any interest or penalties. 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. The Fund is not subject to examination by U.S. tax authorities for tax years prior to the period ended June 30, 2014.

Security Transactions and Investment Income – 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 and expense 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. Discounts and premiums on securities purchased are amortized over the expected life of the respective securities.

Dividends and Distributions – 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.

AC ONE CHINA FUND

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) – CONTINUED DECEMBER 31, 2017

Foreign Currency – Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

The Fund reports net realized foreign exchange gains or losses that arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

Allocation of Income, Expenses and Gains/Losses – Expenses associated with a specific fund in the Trust are charged to that fund. Common Trust expenses are typically allocated evenly between the funds of the Trust, or by other equitable means.

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.

Illiquid Securities – A security may be considered illiquid if it lacks a readily available market. Securities are generally considered liquid if they can be sold or disposed of in the ordinary course of business within seven days at approximately the price at which the security is valued by the Fund. Illiquid securities may be valued under methods approved by the Board of Trustees as reflecting fair value. The Fund will not hold more than 15% of the value of its net assets in illiquid securities. At December 31, 2017, the Fund had investment in an illiquid security with a total value of \$1,817 or 0.0% of total net assets. Information concerning the illiquid security is as follows:

| <u>Security</u> | <u>Shares</u> | <u>Dates Acquired</u> | <u>Cost Basis</u> |
|----------------------------|---------------|-----------------------|-------------------|
| China Lumena New Materials | 284,000 | 11/13 – 1/14 | \$60,819 |

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.

AC ONE CHINA FUND

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) – CONTINUED DECEMBER 31, 2017

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.

In the case of foreign securities, the occurrence of events after the close of foreign markets, but prior to the time the Fund’s Net Asset Value (“NAV”) is calculated often will result in an adjustment to the trading prices of foreign securities when foreign markets open on the following business day. The Fund will value foreign securities at fair value, taking into account such events in calculating the NAV. In such cases, use of fair valuation can reduce an investor’s ability to seek to profit by estimating the Fund’s NAV in advance of the time the NAV is calculated.

Short-Term Investments – Investments in other mutual funds, including money market funds, are valued at their net asset value per share 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. If valuation adjustments are applied, they are categorized in Level 2 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. As of December 31, 2017, the following inputs were considered for the Fund’s Level 3 securities: last traded price and discount for lack of marketability. If the discount for lack of marketability increased, there would be a negative impact to the security’s fair value price. 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 that describe any fair value determinations and methods.

AC ONE CHINA FUND

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) – CONTINUED DECEMBER 31, 2017

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 December 31, 2017:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|--------------------|---------------------|----------------|---------------------|
| Common Stocks | \$3,148,821 | \$11,807,503 | \$1,817 | \$14,958,141 |
| Short-Term Investment | 711,012 | — | — | 711,012 |
| Total Investments in Securities | \$3,859,833 | \$11,807,503 | \$1,817 | \$15,669,153 |

Refer to the Schedule of Investments for further information on the classification of investments.

The following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value.

| | <u>Investments in Securities</u> |
|--|--------------------------------------|
| Balance as of 6/30/2017 | \$ 1,819 |
| Accrued discounts/ premiums | — |
| Realized gain (loss) | — |
| Change in net unrealized depreciation | (2) |
| Net purchases (sales) | — |
| Transfers into and/or out of Level 3 | — |
| Balance as of 12/31/17 | \$ 1,817 |
| Change in unrealized depreciation during the period for Level 3 investments held at December 31, 2017 | \$ (2) |

Transfers between levels are recognized at the end of the reporting period. During the period ended December 31, 2017, the Fund transferred five securities with a total value of \$1,140,358 out of Level 2 and into Level 1 due to not using international fair value pricing. The Fund had no transfers into or out of Level 3 during the period. The Level 3 investments as of December 31, 2017, represented 0.01% of net assets.

The following provides information regarding the valuation techniques, unobservable inputs used, and other information related to the fair value of Level 3 investments as of December 31, 2017.

| <u>Type of security</u> | <u>Fair value as of 12/31/17</u> | <u>Valuation Technique</u> | <u>Unobservable Inputs</u> | <u>Range</u> |
|-----------------------------|--------------------------------------|--------------------------------|---------------------------------------|--------------|
| Common Stocks | \$1,817 | Consensus Pricing | Discount for lack of marketability | 99% |

4. INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

The Trust has an agreement with AC ONE Asset Management, LLC (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 1.25% of the Fund’s average daily net assets.

AC ONE CHINA FUND

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) – CONTINUED DECEMBER 31, 2017

The Fund’s Adviser has contractually agreed to waive a portion or all its management fees and/or reimburse the Fund for its expenses to ensure that total annual operating expenses (excluding acquired fund fees and expenses, interest, taxes, brokerage commissions and extraordinary expenses) for the Fund do not exceed 1.70% of average daily net assets of the Fund. Fees waived and expenses reimbursed by the Adviser may be recouped by the Adviser for a period of thirty-six months following the fiscal year during which such waiver or reimbursement was made if such recoupment can be achieved without exceeding the expense limit in effect at the time the waiver and 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 that 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 month of expiration are as follows:

| <u>Expiration</u> | <u>Amount</u> |
|---------------------------|---------------|
| January 2018 – June 2018 | \$111,497 |
| July 2018 – June 2019 | 227,683 |
| July 2019 – June 2020 | 211,363 |
| July 2020 – December 2020 | 77,556 |

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; 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 December 31, 2017, 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.

AC ONE CHINA FUND

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) – CONTINUED DECEMBER 31, 2017

5. CAPITAL SHARE TRANSACTIONS

Transactions in shares of the Fund were as follows:

| | <u>Six Months Ended December 31, 2017</u> | <u>Year Ended June 30, 2017</u> |
|---|---|-------------------------------------|
| Investor Class⁽¹⁾: | | |
| Shares sold | — | 1,025 |
| Shares issued to holders in reinvestment of dividends | — | — |
| Shares converted to Institutional Class | — | (54,149) |
| Shares redeemed | — | (27,665) |
| Net decrease in Investor Class shares | <u>—</u> | <u>(80,789)</u> |
| Institutional Class: | | |
| Shares sold | 72,064 | 200,113 |
| Shares issued to holders in reinvestment of dividends | — | 1,111 |
| Shares converted to Investor Class | — | 53,801 |
| Shares redeemed | (2,021) | (187,532) |
| Net increase in Institutional Class shares | <u>70,043</u> | <u>67,493</u> |
| Net increase (decrease) in shares outstanding | <u>70,043</u> | <u>(13,296)</u> |

(1) Investor Class shares converted to Institutional Class shares on January 31, 2017.

6. INVESTMENT TRANSACTIONS

The aggregate purchases and sales, excluding short-term investments, by the Fund for the period ended December 31, 2017, were as follows:

| | <u>Purchases</u> | <u>Sales</u> |
|-----------------|------------------|--------------|
| U.S. Government | \$ — | \$ — |
| Other | \$1,141,132 | \$ 423,923 |

7. INCOME 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 June 30, 2017, the Fund's most recent fiscal year end, were as follows:

| <u>Aggregate Gross Appreciation</u> | <u>Aggregate Gross Depreciation</u> | <u>Net Appreciation</u> | <u>Federal Income Tax Cost</u> |
|---|---|-------------------------|------------------------------------|
| \$3,031,059 | \$(773,894) | \$2,257,165 | \$9,727,530 |

At June 30, 2017, the most recently completed fiscal year end, components of accumulated earnings (deficit) on a tax-basis were as follows:

| <u>Undistributed Ordinary Income</u> | <u>Other Accumulated Losses</u> | <u>Unrealized Appreciation</u> | <u>Total Accumulated Gains</u> |
|--|---|------------------------------------|--|
| \$ — | \$(133,633) | \$2,257,165 | \$2,123,532 |

AC ONE CHINA FUND

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) – CONTINUED DECEMBER 31, 2017

As of June 30, 2017, the Fund had short-term capital loss carryovers of \$18,095 and long-term capital loss carryovers of \$109,783, respectively, which will be permitted to be carried over for an unlimited period. During the year ended June 30, 2017, the Fund utilized \$191,910 in long-term 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. For the Taxable year ended June 30, 2017, the Fund deferred, on a tax basis, late year losses of \$5,755.

There were no distributions paid during the period ended December 31, 2017.

The tax character of distributions paid for the year ended June 30, 2017, were as follows:

| <u>Ordinary Income*</u> | <u>Long Term Capital Gains</u> | <u>Total</u> |
|-----------------------------|------------------------------------|--------------|
| \$15,342 | \$ — | \$15,342 |

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

8. GEOGRAPHIC CONCENTRATION & SECTOR RISK

The Fund may be particularly susceptible to economic, political, regulatory or other events or conditions affecting issuers and countries within the specific geographic regions in which the Fund invests. Currency devaluation could occur in countries that have not yet experienced currency devaluation to date, or could continue to occur in countries that have already experienced such devaluations. As a result, the Fund may be more volatile than a more geographically diversified fund. As of December 31, 2017, 100% of the Fund's securities, excluding short-term investments, were located in China or economically tied to China.

As of December 31, 2017, the Fund had a significant portion of its assets invested in the information technology sector. Changes in domestic and international competition, economic cycles, financial resources, personnel availability, rapid innovation and intellectual property issues may affect companies in this sector.

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 December 31, 2017, Charles Schwab, for the benefit of its customers, owned 43.1% of the outstanding shares of the Fund.

AC ONE CHINA FUND

ADDITIONAL INFORMATION (UNAUDITED) DECEMBER 31, 2017

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. 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 1-888-964-0788.

AVAILABILITY OF PROXY VOTING INFORMATION

A description of the Fund's Proxy Voting Policies and Procedures is available without charge, upon request, by calling 1-888-964-0788. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12 month period ended June 30, 2017 is available (1) without charge, upon request, by calling 1-888-964-0788, or (2) on the SEC's website at www.sec.gov.

AC ONE CHINA FUND

PRIVACY NOTICE (UNAUDITED)

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.

(This Page Intentionally Left Blank.)

INVESTMENT ADVISER

AC ONE Asset Management, LLC
444 South Flower Street
Los Angeles, CA 90071

DISTRIBUTOR

Quasar Distributors, LLC
777 E. Wisconsin Ave.
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.
342 N. Water Street, Suite 830
Milwaukee, WI 53202

LEGAL COUNSEL

Stradley Ronon Stevens & Young LLP
2005 Market Street, Suite 2600
Philadelphia, PA 19130

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 1-888-964-0788.