



AC ONE CHINA FUND

INVESTOR CLASS – ACOCX  
INSTITUTIONAL CLASS – ACOIX

ANNUAL REPORT

JUNE 30, 2016



## AC ONE CHINA FUND

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Dear Shareholders,

For the 12-month period ended June 30, 2016, Institutional Class shares of the AC ONE China Fund (the “Fund”) returned -20.28%, just slightly better than -20.78% for the Hang Seng Index and -23.37% for the MSCI China Index. While the Fund was able to slightly outperform the benchmark indexes over the twelve month period, AC ONE Asset Management (the “Adviser”) had hoped to see the better relative performance due to the perceived more defensive nature of the Fund’s holdings.

	<b>3 MONTH RETURN</b>	<b>6 MONTH RETURN</b>	<b>1 YEAR RETURN</b>	<b>SINCE INCEPTION 7/27/2012</b>
Hang Seng Index	0.09%	(5.11)%	(20.78)%	1.95%
MSCI China Index	0.11%	(4.69)%	(23.37)%	4.18%
Institutional Class	(1.02)%	(4.57)%	(20.28)%	6.27%
Investor Class (no load)	(1.11)%	(4.68)%	(20.50)%	6.04%
Investor Class (load)	(6.52)%	(9.92)%	(24.85)%	4.53%

*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. Performance data shown for the Investor Class (with load) reflects maximum sales charge of 5.50%. Performance shown as no load does not reflect the deduction of the sales load. The Fund has a 2.00% redemption fee for funds which are redeemed within 60 days of purchase, which is also not reflected in the performance data. If reflected, the load and/or fee would reduce the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-888-964-0788.*

Institutional Class Gross Expense Ratio – 3.66%

Investor Share Class Gross Expense Ratio – 3.91%

The Fund continues to allocate investments towards shares that can profit from the growth of China’s middle class. Holdings within the consumer defensive and consumer discretionary sectors of the Chinese economy were more than triple the weightings of the Hang Seng Index. This allocation did not help our twelve-month performance, but the Adviser remains confident in the long-term wisdom of holdings within this sector of the Chinese economy. The absence of any energy related holdings also proved a headwind for the Fund following several quarters where such a strategy had aided returns.

The Fund’s underweighting of financial shares (less than half the weighting of the benchmark Hang Seng Index) also hindered twelve-month performance somewhat. Nonetheless, the Adviser is not compelled by the risk/reward ratio it perceives in many Chinese financial companies. Shares within the real estate sector were also absent from the portfolio although this underweighting had a negligible influence on returns. Lastly, the Fund’s holdings in healthcare equities proved a minor drag on returns, but the Adviser considers this sector as being an important aspect of our strategy to concentrate on the growing middle class in China.

Conversely, overweighting in the technology sector, particularly consumer oriented firms such as Tencent Holdings, Baidu, Ctrip.com International and Alibaba Group Holding have helped the Fund’s performance. Asian consumers have adopted online consumption at a pace that exceeds North America and Europe and this growth is projected to continue at a 20% rate for some years to come.

# AC ONE CHINA FUND

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While the Fund continues to purchase only shares listed in Hong Kong or American Depository Receipts (ADRs) traded on the New York Stock Exchange, the Fund is closely watching the development and maturation of mainland Chinese equity markets with the expectation that these shares will soon meet the Fund's desired levels of liquidity and transparency enabling future purchases.

China's economy continued to settle towards sustainable growth rates. After much speculation regarding a possible further slowdown, in July, the International Monetary Fund (IMF) revised 2016 Gross Domestic Product (GDP) growth forecast for China upward from 6.5% to 6.6%. In light of the concurrent cuts in growth forecasts for Europe (post Brexit) and elsewhere in the world, this revision is noteworthy. Basic measures of valuation such as price/earnings ratios and dividend yields also suggest reasonable relative valuations.

As we approach our fourth anniversary, we are as confident as ever in the Fund's opportunity to provide an appropriate vehicle for North American investors to participate in China's economic future.

Respectfully,



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. For a complete list of fund holdings, please refer to the Schedule of Investments found in this report.

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.

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.

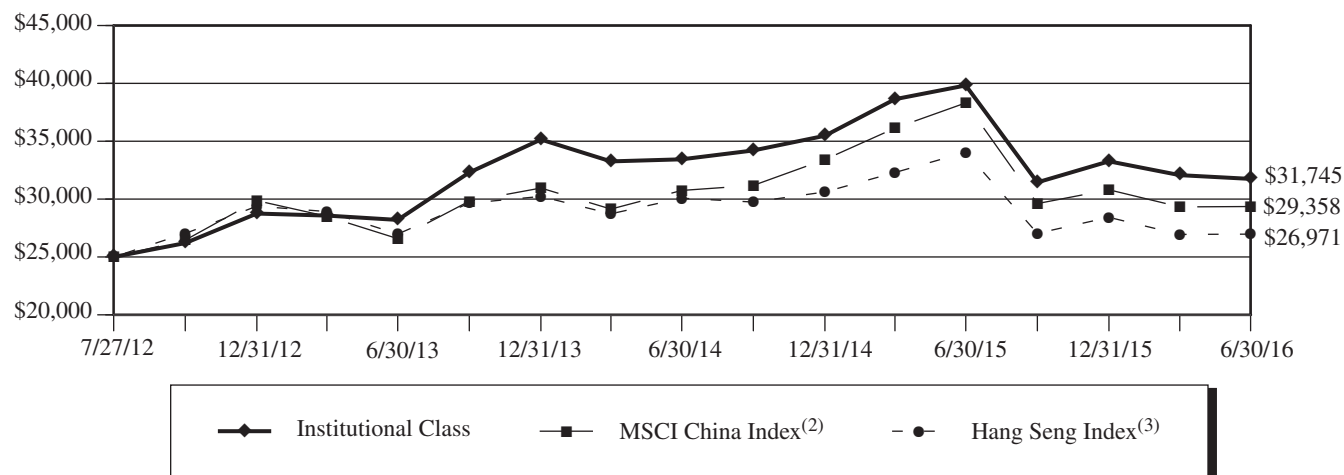
Dividend Yield is calculated by annualizing the last quarterly dividend paid and dividing it by the current share price.

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 June 30, 2016

	<u>One Year</u>	<u>Three Years</u>	<u>Since Inception<sup>(1)</sup></u>
Investor Class – Without Load	-20.50%	3.73%	6.04%
Investor Class – With Load	-24.85%	1.78%	4.53%
Institutional Class	-20.28%	4.03%	6.27%
MSCI China Index <sup>(2)</sup>	-23.37%	3.37%	4.18%
Hang Seng Index <sup>(3)</sup>	-20.78%	-0.01%	1.95%

(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 then 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) JUNE 30, 2016

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments, reinvested dividends, or other distributions, and (2) ongoing costs, including management fees; distribution (12b-1) 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 (January 1, 2016 – June 30, 2016).

### ACTUAL EXPENSES

For each class, 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

For each class, 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. In addition, if these transactional costs were included, your costs would have been higher.*

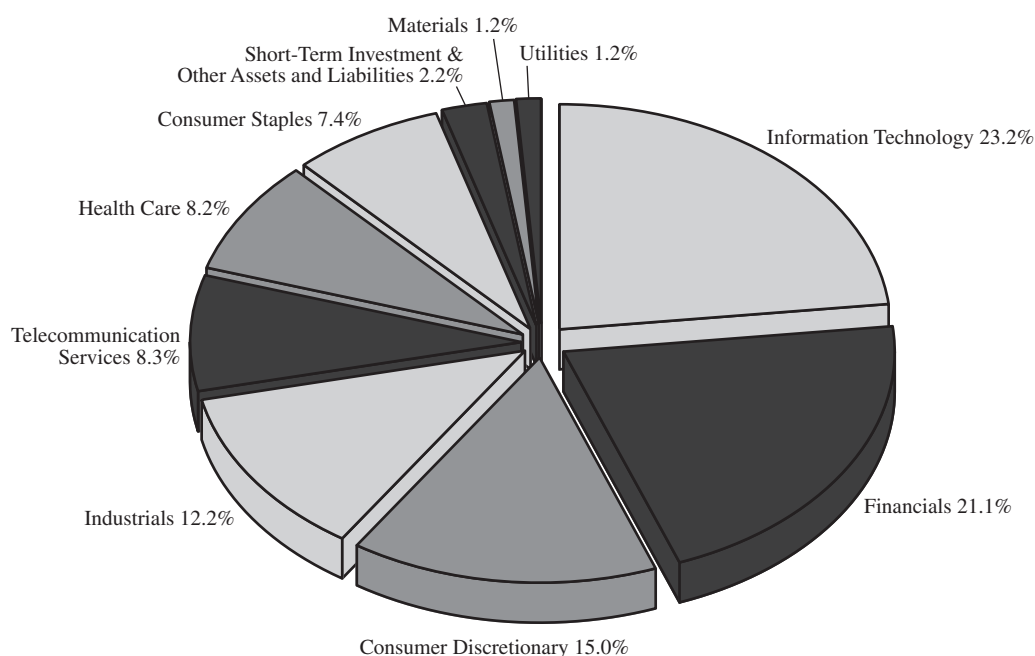
	<b>Beginning Account Value 01/01/2016</b>	<b>Ending Account Value 06/30/2016</b>	<b>Expenses Paid During Period<sup>(1)</sup> 01/01/2016 – 06/30/2016</b>
Investor Class Actual <sup>(2)</sup>	\$1,000.00	\$ 953.20	\$9.47
Investor Class Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,015.17	\$9.77
Institutional Class Actual <sup>(2)</sup>	\$1,000.00	\$ 954.30	\$8.26
Institutional Class Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,016.41	\$8.52

(1) Expenses are equal to the Fund’s annualized expense ratio for the most recent six-month period of 1.95% and 1.70% for the Investor Class and Institutional Class, respectively, multiplied by the average account value over the period, multiplied by 182/366 to reflect the one-half year period.

(2) Based on the actual returns for the six-month period ended June 30, 2016 of -4.68% and -4.57% for the Investor Class and Institutional Class, respectively.

# AC ONE CHINA FUND

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



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

Tencent Holdings	11.6%
China Mobile	6.7
Alibaba Group Holding – ADR	5.7
Sinopharm Group, Class H	5.2
Ping An Insurance Group, Class H	4.7
CITIC Securities, Class H	4.0
Ctrip.com International – ADR	3.7
Zhuzhou CSR Times Electric, Class H	3.5
China Mengniu Dairy	3.4
Industrial & Commercial Bank of China, Class H	3.2

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

# AC ONE CHINA FUND

## SCHEDULE OF INVESTMENTS JUNE 30, 2016

	<u>Shares</u>	<u>Value</u>
<b>COMMON STOCKS – 97.8%</b>		
<b>Consumer Discretionary – 15.0%</b>		
Anta Sports Products	77,000	\$ 155,166
Belle International Holdings	71,000	41,788
BYD Company, Class H*	37,500	226,437
Chow Tai Fook Jewellery	38,200	27,448
Cosmo Lady China Holdings	59,000	30,287
Ctrip.com International – ADR*	8,850	364,620
Goodbaby International Holdings	222,000	102,516
Great Wall Motor, Class H	152,000	127,083
Haier Electronics Group	79,000	120,706
IMAX China Holding*	16,700	82,419
Man Wah Holdings	45,200	65,213
Samsonite International	56,600	156,718
		<u>1,500,401</u>
<b>Consumer Staples – 7.4%</b>		
China Mengniu Dairy	192,000	335,887
Hengan International Group	27,000	226,145
Qinqin Foodstuffs*(a)	5,400	6,960
Tsingtao Brewery, Class H	50,000	173,833
		<u>742,825</u>
<b>Financials – 21.1%</b>		
Bank Of China, Class H	482,000	193,720
China Life Insurance, Class H	100,000	215,612
CITIC Securities, Class H	181,000	401,621
Haitong Securities, Class H	64,000	109,048
Hong Kong Exchanges & Clearing	5,900	143,757
Industrial & Commercial Bank of China, Class H	576,000	321,217
PICC Property & Casualty, Class H	157,668	248,586
Ping An Insurance Group, Class H	106,000	469,652
		<u>2,103,213</u>
<b>Health Care – 8.2%</b>		
CSPC Pharmaceutical Group	238,000	212,644
Sino Biopharmaceutical	128,000	84,010
Sinopharm Group, Class H	107,600	516,877
		<u>813,531</u>
<b>Industrials – 12.2%</b>		
Air China, Class H	327,000	224,810
AviChina Industry & Technology, Class H	275,000	192,132
Beijing Capital International Airport, Class H	130,000	141,584

See Notes to the Financial Statements



# AC ONE CHINA FUND

## SCHEDULE OF INVESTMENTS – CONTINUED JUNE 30, 2016

	<u>Shares</u>	<u>Value</u>
<b>Industrials – 12.2% (Continued)</b>		
China Everbright International	94,000	\$ 105,106
CSR, Class H	220,000	197,837
Zhuzhou CSR Times Electric, Class H	63,500	352,691
		<u>1,214,160</u>
<b>Information Technology – 23.2%</b>		
AAC Technologies	12,000	102,590
Alibaba Group Holding – ADR*	7,110	565,458
Baidu – ADR*	1,615	266,717
GCL – Poly Energy Holdings	668,400	87,852
Tencent Holdings	50,300	1,153,866
TravelSky Technology, Class H	70,000	135,325
		<u>2,311,808</u>
<b>Materials – 1.2%</b>		
Bloomage Biotechnology	40,000	62,281
China Lumena New Materials*(a)	284,000	1,830
Nine Dragons Paper Holdings	66,000	50,602
		<u>114,713</u>
<b>Telecommunication Services – 8.3%</b>		
China Mobile	57,500	664,367
China Telecom, Class H	364,000	163,697
		<u>828,064</u>
<b>Utilities – 1.2%</b>		
China Resources Gas Group	40,000	121,646
<b>Total Common Stocks</b>		
<b>(Cost \$9,510,657)</b>		<u>9,750,361</u>
<b>SHORT-TERM INVESTMENT – 1.7%</b>		
Invesco Liquid Assets Portfolio, Institutional Class, 0.43%^		
<b>(Cost \$165,362)</b>	165,362	<u>165,362</u>
<b>Total Investments – 99.5%</b>		9,915,723
<b>(Cost \$9,676,019)</b>		51,662
<b>Other Assets and Liabilities, Net – 0.5%</b>		<u>51,662</u>
<b>Total Net Assets – 100.0%</b>		<u>\$9,967,385</u>

\* Non-income producing security.

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

^ Variable Rate Security – The rate shown is the annualized seven day effective yield as of June 30, 2016.

ADR – American Depositary Receipt

See Notes to the Financial Statements

# AC ONE CHINA FUND

## STATEMENT OF ASSETS AND LIABILITIES JUNE 30, 2016

### ASSETS:

Investments, at value		\$ 9,915,723
(cost \$9,676,019)		
Cash		4,815
Receivable for capital shares sold		600
Dividends & interest receivable		87,503
Prepaid expenses		7,090
Receivable from adviser for expense reimbursements		7,273
Total assets		10,023,004

### LIABILITIES:

Payable for fund administration & accounting fees		18,465
Payable for compliance fees		2,063
Payable for transfer agent fees & expenses		7,806
Payable for custody fees		3,996
Payable for trustee fees		3,114
Accrued expenses		19,026
Accrued distribution fees		1,149
Total liabilities		55,619

**NET ASSETS** \$ 9,967,385

### NET ASSETS CONSIST OF:

Paid-in capital		\$10,032,410
Accumulated undistributed net investment income		15,342
Accumulated undistributed net realized loss on investments		(319,788)
Net unrealized appreciation on investments and translations of foreign currency		239,421
Net Assets		\$ 9,967,385

	<b>Investor Class</b>	<b>Institutional Class</b>
Net Assets	\$938,589	\$9,028,796
Shares issued and outstanding <sup>(1)</sup>	80,789	772,016
Net asset value, redemption price and minimum offering price per share <sup>(2)</sup>	\$11.62	\$11.70
Maximum offering price per share (\$11.62/0.9450) <sup>(3)(4)</sup>	\$12.30	N/A

(1) Unlimited shares authorized.

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

(3) A contingent deferred sales charge ("CDSC") of 1.00% may be charged on certain shares redeemed within 12 months of Investor Class shares.

(4) Reflects a maximum sales charge of 5.50%.

See Notes to the Financial Statements

# AC ONE CHINA FUND

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## STATEMENT OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 2016

### INVESTMENT INCOME:

Interest income	\$ 1,912
Dividend income	217,330
Less: Foreign taxes withheld	<u>(15,797)</u>
Total investment income	<u>203,445</u>

### EXPENSES:

Investment adviser fees (See Note 4)	137,047
Fund administration & accounting fees (See Note 4)	114,604
Transfer agent fees & expenses (See Note 4)	46,264
Federal & state registration fees	28,377
Custody fees (See Note 4)	24,213
Audit fees	16,510
Compliance fees (See Note 4)	12,328
Legal fees	11,737
Trustee fees (See Note 4)	10,380
Other	7,112
Postage & printing fees	5,495
Distribution fees – Investor Class (See Note 5)	<u>2,618</u>
Total expenses before reimbursement	416,685
Less: reimbursement/waiver from investment adviser (See Note 4)	<u>(227,683)</u>
Net expenses	<u>189,002</u>

### NET INVESTMENT INCOME

14,443

### REALIZED AND UNREALIZED LOSS ON INVESTMENTS AND FOREIGN CURRENCY:

Net realized loss on investments, including foreign currency	(318,888)
Net change in unrealized appreciation on investments and translations of foreign currency	<u>(2,467,956)</u>

Net realized and unrealized loss on investments and foreign currency	<u>(2,786,844)</u>
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### NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS

\$(2,772,401)

See Notes to the Financial Statements

# AC ONE CHINA FUND

## STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended June 30, 2016	For the Year Ended June 30, 2015
<b>OPERATIONS:</b>		
Net investment income (loss)	\$ 14,443	\$ (5,915)
Net realized gain (loss) on investments, including foreign currency	(318,888)	195,069
Net change in unrealized appreciation on investments and translations of foreign currency	<u>(2,467,956)</u>	<u>1,774,305</u>
Net increase (decrease) in net assets resulting from operations	<u>(2,772,401)</u>	<u>1,963,459</u>
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Investor Class:		
Proceeds from shares sold	71,222	666,879
Proceeds from reinvestment of distributions	4,579	70,411
Payments for shares redeemed	(364,171)	(428,849)
Redemption fees	<u>139</u>	<u>403</u>
Increase (decrease) in net assets from Investor Class transactions	<u>(288,231)</u>	<u>308,844</u>
Institutional Class:		
Proceeds from shares sold	391,584	1,878,363
Proceeds from reinvestment of distributions	25,819	306,032
Payments for shares redeemed	(1,199,995)	(30,501)
Redemption fees	<u>1,020</u>	<u>8</u>
Increase (decrease) in net assets from Institutional Class transactions	<u>(781,572)</u>	<u>2,153,902</u>
Net increase (decrease) in net assets resulting from capital share transactions	<u>(1,069,803)</u>	<u>2,462,746</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
From net investment income:		
Investor Class	—	(2,689)
Institutional Class	—	(30,525)
From net realized gains:		
Investor Class	(4,579)	(67,978)
Institutional Class	<u>(44,602)</u>	<u>(495,721)</u>
Total distributions to shareholders	<u>(49,181)</u>	<u>(596,913)</u>
<b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>	<u>(3,891,385)</u>	<u>3,829,292</u>
<b>NET ASSETS:</b>		
Beginning of year	<u>13,858,770</u>	<u>10,029,478</u>
End of year, including accumulated undistributed net investment income of \$15,342 and \$0, respectively.	<u>\$ 9,967,385</u>	<u>\$13,858,770</u>

See Notes to the Financial Statements

# AC ONE CHINA FUND

## FINANCIAL HIGHLIGHTS

	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>	<u>For the Period Inception Through June 30, 2013<sup>(1)</sup></u>
<b>Investor Class</b>				
<b>PER SHARE DATA:<sup>(2)</sup></b>				
Net asset value, beginning of period	<u>\$14.68</u>	<u>\$13.07</u>	<u>\$11.28</u>	<u>\$10.00</u>
<b>INVESTMENT OPERATIONS:</b>				
Net investment income (loss)	(0.03)	(0.03)	0.01	0.02
Net realized and unrealized gain (loss) on investments and translations of foreign currency	<u>(2.98)</u>	<u>2.38</u>	<u>2.05</u>	<u>1.26</u>
Total from investment operations	<u>(3.01)</u>	<u>2.35</u>	<u>2.06</u>	<u>1.28</u>
<b>LESS DISTRIBUTIONS:</b>				
Dividends from net investment income	—	(0.03)	(0.04)	—
Dividends from net realized gains	<u>(0.05)</u>	<u>(0.71)</u>	<u>(0.23)</u>	<u>—</u>
Total distributions	<u>(0.05)</u>	<u>(0.74)</u>	<u>(0.27)</u>	<u>—</u>
Paid-in capital from redemption fees	<u>—<sup>(3)</sup></u>	<u>—<sup>(3)</sup></u>	<u>—<sup>(3)</sup></u>	<u>—<sup>(3)</sup></u>
Net asset value, end of period	<u><u>\$11.62</u></u>	<u><u>\$14.68</u></u>	<u><u>\$13.07</u></u>	<u><u>\$11.28</u></u>
<b>TOTAL RETURN<sup>(4)(5)</sup></b>	(20.50)%	18.77%	18.21%	12.80%
<b>SUPPLEMENTAL DATA AND RATIOS:</b>				
Net assets, end of period (in 000's)	\$938	\$1,523	\$1,066	\$315
Ratio of expenses to average net assets:				
Before expense reimbursemen/waiver <sup>(6)</sup>	4.03%	3.91%	4.61%	8.59%
After expense reimbursement/waiver <sup>(6)</sup>	1.95%	1.95%	1.95%	1.95%
Ratio of net investment income (loss) to average net assets:				
Before expense reimbursement/waiver <sup>(6)</sup>	(2.17)%	(2.23)%	(2.36)%	(6.23)%
After expense reimbursement/waiver <sup>(6)</sup>	(0.09)%	(0.27)%	0.30%	0.41%
Portfolio turnover rate <sup>(5)</sup>	18%	21%	42%	15%

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

(2) For an Investor Class share outstanding for the entire period.

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

(4) Total return does not reflect sales charges.

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

(6) Annualized for periods less than one year.

See Notes to the Financial Statements

# AC ONE CHINA FUND

## FINANCIAL HIGHLIGHTS

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

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

(2) For an Institutional Class 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

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## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

### 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 two share classes, the Investor Class and the Institutional Class. Investor Class shares are subject to a 0.25% distribution fee. Each class of shares has identical rights and privileges except with respect to distribution fees and voting rights on matters affecting a single share class. 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 year ended June 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 year ended June 30, 2016, the Fund did not incur any interest or penalties.

*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 ultimate 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

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## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED JUNE 30, 2016

For the year ended June 30, 2016, the Fund increased accumulated undistributed net investment income by \$899 and decreased accumulated undistributed net realized loss by \$899.

*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.

*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.

*Allocation of Income, Expenses and Gains/Losses* – Income, expenses (other than those deemed attributable to a specific share class), and gains and losses of the Fund are allocated daily to each class of shares based upon the ratio of net assets represented by each class as a percentage of the net assets of the Fund. Expenses deemed directly attributable to a class of shares are recorded by the specific class. Most Fund expenses are allocated by class based on relative net assets. 12b-1 fees are expensed at 0.25% of average daily net assets of Investor Class shares. 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.

*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 June 30, 2016, the Fund had investments in illiquid securities with a total value of \$8,790 or 0.1% of total net assets. Information concerning illiquid securities 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
Qinqin Foodstuffs	5,400	11/12 – 2/16	8,973

### 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 of



# AC ONE CHINA FUND

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## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED JUNE 30, 2016

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.

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. If valuation adjustments are applied, they are categorized in Level 2 of the fair value hierarchy.

*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.

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 June 30, 2016, the following inputs were considered for the Fund’s Level 3 securities: last traded price, implied market value, 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 – CONTINUED JUNE 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 June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$1,196,795	\$8,544,776	\$8,790	\$9,750,361
Short-Term Investment	165,362	—	—	165,362
<b>Total Investments</b>	<b>\$1,362,157</b>	<b>\$8,544,776</b>	<b>\$8,790</b>	<b>\$9,915,723</b>

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 6/30/2015	\$ 374,402
Accrued discounts/ premiums	—
Realized gain (loss)	(161,317)
Change in net unrealized appreciation (depreciation)	13,750
Sales	(97,922)
Transfer out of Level 3	(127,083)
Transfer into Level 3	6,960
Balance as of 6/30/2016	\$ 8,790
Change in unrealized appreciation during the year for Level 3 investments held at June 30, 2016	\$ (2)

Transfers between levels are recognized at the end of the reporting period. During the year ended June 30, 2016, the Fund recognized no transfers to/from Level 1 or Level 2. The Fund transferred one security from Level 3 to Level 2 during the year due to the change in liquidity of the security. The Fund transferred one security from Level 2 to Level 3 during the year due to a lack of trading activity. The Level 3 investments as of June 30, 2016, represented 0.1% of net assets.

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

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 June 30, 2016:

<u>Type of security</u>	<u>Fair value as of 6/30/16</u>	<u>Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Range</u>
Common Stocks	\$8,790	Consensus Pricing	Discount for lack of marketability	9% – 96%

#### 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

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## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED JUNE 30, 2016

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 1.95% and 1.70% of average daily net assets of the Fund’s Investor Class and Institutional Class, respectively. 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 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 year of expiration are as follows:

<u>Expiration</u>	<u>Amount</u>
6/30/2017	\$244,369
6/30/2018	231,801
6/30/2019	227,683

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 year ended June 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. DISTRIBUTION COSTS

The Fund has adopted a Distribution Plan pursuant to Rule 12b-1 (the “Plan”) in the Investor Class only. The Plan permits the Fund to pay for distribution and related expenses at an annual rate of 0.25% of the average daily net assets of the Investor Class. The expenses covered by the Plan may include the cost of preparing and distributing prospectuses and other sales material, advertising and public relations expenses, payments to financial intermediaries and compensation of personnel involved in selling shares of the Fund. For the year ended June 30, 2016, the Investor Class incurred expenses of \$2,618 pursuant to the Plan.

# AC ONE CHINA FUND

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED JUNE 30, 2016

### 6. CAPITAL SHARE TRANSACTIONS

Transactions in shares of the Fund were as follows:

	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
<b>Investor Class:</b>		
Shares sold	5,847	47,595
Shares issued to holders in reinvestment of dividends	365	5,505
Shares redeemed	<u>(29,187)</u>	<u>(30,943)</u>
Net increase (decrease) in Investor Class shares	<u>(22,975)</u>	<u>22,157</u>
<b>Institutional Class:</b>		
Shares sold	36,123	131,239
Shares issued to holders in reinvestment of dividends	2,046	23,853
Shares redeemed	<u>(103,234)</u>	<u>(2,225)</u>
Net increase (decrease) in Institutional Class shares	<u>(65,065)</u>	<u>152,867</u>
Net increase (decrease) in shares outstanding	<u>(88,040)</u>	<u>175,024</u>

### 7. INVESTMENT TRANSACTIONS

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

	<u>Purchases</u>	<u>Sales</u>
U.S. Government	\$ —	\$ —
Other	\$1,830,758	\$2,305,149

### 8. 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, 2016, the most recently completed 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>
\$1,570,028	\$(1,330,607)	\$239,421	\$9,676,019

At June 30, 2016, 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 Losses</u>
\$15,342	\$(319,788)	\$239,421	\$(65,025)

# AC ONE CHINA FUND

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## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED JUNE 30, 2016

As of June 30, 2016, the Fund had short-term and long-term capital loss carryovers of \$159 and \$319,629, respectively, which will be permitted to be carried over for an unlimited period. 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, 2016, the Fund does not plan to defer any qualified late year losses.

The tax character of distributions paid for the year ended June 30, 2016, were as follows:

<u>Ordinary Income*</u>	<u>Long Term Capital Gains</u>	<u>Total</u>
\$1	\$49,180	\$49,181

The tax character of distributions paid for the year ended June 30, 2015, were as follows:

<u>Ordinary Income*</u>	<u>Long Term Capital Gains</u>	<u>Total</u>
\$33,214	\$563,699	\$596,913

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

### 9. GEOGRAPHIC CONCENTRATION 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 June 30, 2016, 100% of the Fund's securities, excluding short-term investments, were located in China or economically tied to China.

### 10. 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 June 30, 2016, Union Bank, for the benefit of its customers, owned 28.1% of the outstanding shares of the Fund.

# AC ONE CHINA FUND

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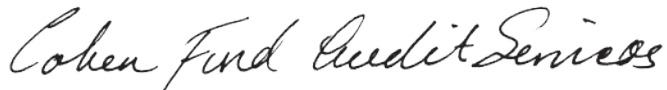
## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of AC ONE China Fund and  
Board of Trustees of Managed Portfolio Series

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of AC ONE China Fund (the “Fund”), a series of Managed Portfolio Series, as of June 30, 2016, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the four periods in the period then ended. These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2016, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of AC ONE China Fund as of June 30, 2016, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the four periods in the period then ended, in conformity with accounting principles generally accepted in the United States of America.



COHEN FUND AUDIT SERVICES, LTD.

Cleveland, Ohio  
August 25, 2016

# AC ONE CHINA FUND

## ADDITIONAL INFORMATION (UNAUDITED) JUNE 30, 2016

### TRUSTEES AND OFFICERS

<u>Name, Address and Year of Birth</u>	<u>Position(s) Held with the Trust</u>	<u>Term of Office and Length of Time Served</u>	<u>Number of Portfolios in Trust Overseen by Trustee</u>	<u>Principal Occupation(s) During the Past Five Years</u>	<u>Other Directorships Held by Trustee During the Past Five Years</u>
<i>Independent Trustees</i>					
Leonard M. Rush, CPA 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1946	Lead Independent Trustee and Audit Committee Chairman	Indefinite Term; Since April 2011	36	Retired, Chief Financial Officer, Robert W. Baird & Co. Incorporated (2000-2011).	Independent Trustee, ETF Series Solutions (15 Portfolios) (2012-Present); Director, Anchor Bancorp Wisconsin, Inc. (2011-2013)
David A. Massart 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1967	Trustee and Valuation Committee Chairman	Indefinite Term; Since April 2011	36	Co-Founder and Chief Investment Strategist, Next Generation Wealth Management, Inc. (2005-present).	Independent Trustee, ETF Series Solutions (15 Portfolios) (2012-Present)
David M. Swanson 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1957	Trustee	Indefinite Term; Since April 2011	36	Founder and Managing Principal, SwanDog Strategic Marketing, LLC (2006-present); Executive Vice President, Calamos Investments (2004-2006).	Independent Trustee, ALPS Variable Investment Trust (9 Portfolios) (2006-Present); Independent Trustee, RiverNorth Opportunities Closed-End Fund (2015-Present)
<i>Interested Trustee</i>					
Robert J. Kern* 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1958	Chairman, and Trustee	Indefinite Term; Since January 2011	36	Executive Vice President, U.S. Bancorp Fund Services, LLC (1994-present).	None

## AC ONE CHINA FUND

### ADDITIONAL INFORMATION (UNAUDITED) – CONTINUED JUNE 30, 2016

<u>Name, Address and Year of Birth</u>	<u>Position(s) Held with the Trust</u>	<u>Term of Office and Length of Time Served</u>	<u>Number of Portfolios in Trust Overseen by Trustee</u>	<u>Principal Occupation(s) During the Past Five Years</u>	<u>Other Directorships Held by Trustee During the Past Five Years</u>
<i>Officers</i>					
James R. Arnold 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1957	President and Principal Executive Officer	Indefinite Term, Since January 2011	N/A	Senior Vice President, U.S. Bancorp Fund Services, LLC (2002-present).	N/A
Deborah Ward 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1966	Vice President, Chief Compliance Officer and Anti-Money Laundering Officer	Indefinite Term; Since April 2013	N/A	Senior Vice President, U.S. Bancorp Fund Services, LLC (2004-present).	N/A
Brian R. Wiedmeyer 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1973	Treasurer and Principal Financial Officer	Indefinite Term; Since January 2011	N/A	Vice President, U.S. Bancorp Fund Services, LLC (2005-present).	N/A
Jeanine M. Bajczyk, Esq. 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1965	Secretary	Indefinite Term; Since August 2015	N/A	Senior Vice President and Counsel, U.S. Bancorp Fund Services, LLC (2006-present).	N/A
Thomas A. Bausch, Esq. 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1979	Assistant Secretary	Indefinite Term; Since May 2016	N/A	Assistant Vice President, U.S. Bancorp Fund Services, LLC (2016-Present); Associate, Godfrey & Kahn S.C. (2012-2016); Graduate, University of Wisconsin Law School (2009-2012).	N/A
Ryan L. Roell 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1973	Assistant Treasurer	Indefinite Term; Since September 2012	N/A	Assistant Vice President, U.S. Bancorp Fund Services, LLC (2005-present).	N/A



## AC ONE CHINA FUND

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### ADDITIONAL INFORMATION (UNAUDITED) – CONTINUED JUNE 30, 2016

<u>Name, Address and Year of Birth</u>	<u>Position(s) Held with the Trust</u>	<u>Term of Office and Length of Time Served</u>	<u>Number of Portfolios in Trust Overseen by Trustee</u>	<u>Principal Occupation(s) During the Past Five Years</u>	<u>Other Directorships Held by Trustee During the Past Five Years</u>
Benjamin Eirich 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1981	Assistant Treasurer	Indefinite Term; Since May 2016	N/A	Assistant Vice President, U.S. Bancorp Fund Services, LLC (2008-present).	N/A
Doug Schafer 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1970	Assistant Treasurer	Indefinite Term; Since May 2016	N/A	Assistant Vice President, U.S. Bancorp Fund Services, LLC (1995-present).	N/A

\* Mr. Kern is an “interested person” of the Trust as defined by the 1940 Act by virtue of the fact that he is an interested person of Quasar Distributors, LLC, the Fund’s principal underwriter.

# AC ONE CHINA FUND

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## ADDITIONAL INFORMATION (UNAUDITED) – CONTINUED JUNE 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 1-888-964-0788.

### 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, is available (1) without charge, upon request, by calling 1-888-964-0788, or (2) on the SEC's website at [www.sec.gov](http://www.sec.gov).

### QUALIFIED DIVIDEND INCOME/DIVIDENDS RECEIVED DEDUCTION

For the fiscal year ended June 30, 2016, certain dividends paid by the Fund may be subject to a maximum tax rate of 23.8%, as provided for by the American Taxpayer Relief Act of 2012. The percentage of dividends declared from ordinary income designated as qualified dividend income was 0.00% for the Fund.

For corporate shareholders, the percent of ordinary income distributions qualifying for the corporate dividends received deduction for the fiscal year ended June 30, 2016 was 0.00% for the Fund.

The percentage of taxable ordinary income distributions that are designated as short-term capital gain distributions under Internal Revenue Section 871 (k)(2)(c) was 0.00%.

## AC ONE CHINA FUND

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### APPROVAL OF INVESTMENT ADVISORY AGREEMENT (UNAUDITED)

At the regular meeting of the Board of Trustees of Managed Portfolio Series (the “Trust”) on February 16-17, 2016, the Trust’s Board of Trustees (the “Board”), including all of the Trustees who are not “interested persons” of the Trust, as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended, (the “Independent Trustees”) considered and approved the continuation of the Investment Advisory Agreement between the Trust and AC ONE Asset Management, LLC (“AC ONE” or the “Adviser”) regarding the AC ONE China Fund (the “Fund”) (the “Investment Advisory Agreement”) for another annual term.

Prior to the meeting and at a meeting held on January 7, 2016, the Trustees received and considered information from AC ONE and the Trust’s administrator designed to provide the Trustees with the information necessary to evaluate the continuance of the Investment Advisory Agreement (the “Support Materials”). Before voting to approve the continuance of the Investment Advisory Agreement, the Trustees reviewed the Support Materials with Trust management and with counsel to the Independent Trustees, and received a memorandum from such counsel discussing the legal standards for the Trustees’ consideration of the renewal of the Investment Advisory Agreement. This information, together with the information provided to the Board throughout the course of the year, formed the primary (but not exclusive) basis for the Board’s determinations.

In determining whether to continue the Investment Advisory Agreement, the Trustees considered all factors they believed relevant, including the following: (1) the nature, extent, and quality of the services provided by AC ONE with respect to the Fund; (2) the Fund’s historical performance and the performance of other investment accounts managed by AC ONE; (3) the costs of the services provided by AC ONE and the profits realized by AC ONE with respect to services rendered to the Trust with respect to the Fund; (4) comparative fee and expense data for the Fund and other investment companies with similar investment objectives; (5) the extent to which economies of scale may be realized as the Fund grows, and whether the advisory fee for the Fund reflects such economies of scale for the Fund’s benefit; and (6) other financial benefits to AC ONE resulting from services rendered to the Fund. In their deliberations, the Trustees did not identify any particular information that was all-important or controlling.

Based upon the information provided to the Board throughout the course of the year, including an in-person presentation by a representative of AC ONE, and the Support Materials, the Board concluded that the overall arrangements between the Trust and AC ONE set forth in the Investment Advisory Agreement continue to be fair and reasonable in light of the services that AC ONE performs, the investment advisory fees that the Fund pays, and such other matters as the Trustees considered relevant in the exercise of their reasonable business judgment. The material factors and conclusions that formed the basis of the Trustees’ determination to approve the continuation of the Investment Advisory Agreement are summarized below.

**Nature, Extent and Quality of Services Provided.** The Trustees considered the scope of services that AC ONE provides under the Investment Advisory Agreement, noting that such services include, but are not limited to, the following: (1) investing the Fund’s assets consistent with the Fund’s investment objective and investment policies; (2) determining the portfolio securities to be purchased, sold or otherwise disposed of and the timing of such transactions; (3) voting all proxies with respect to the Fund’s portfolio securities; (4) maintaining the required books and records for transactions effected by AC ONE on behalf of the Fund; (5) selecting broker-dealers to execute orders on behalf of the Fund; and (6) monitoring and maintaining the Fund’s compliance with policies and procedures of the Trust and with applicable securities laws. The Trustees considered that AC ONE is a joint venture between Chelsea Management Company and AssetPlus Investment Management Corp., long-standing asset management organizations, and they also considered the capitalization of AC ONE, noting that the firm continues to maintain a reserve escrow account as an added assurance of prompt payment of its obligations to the Fund. The

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Trustees took into account the investment philosophy and broad investment management experience of the portfolio managers, as well as the fact that AC ONE utilizes the research and analytical capabilities of AssetPlus Investment Management Corp.'s Shanghai, China office. The Trustees concluded that they are satisfied with the nature, extent and quality of services that AC ONE provides to the Fund under the Investment Advisory Agreement.

**Fund Historical Performance and the Overall Performance of AC ONE.** In assessing the quality of the portfolio management delivered by AC ONE, the Trustees reviewed the short-term and longer-term performance of the Fund on both an absolute basis and in comparison to appropriate securities benchmark indices and the Fund's peer funds according to Morningstar classifications. When comparing the Fund's performance against its Morningstar peer group, the Trustees took into account that the investment objective and strategies of the Fund, as well as its level of risk tolerance, may differ significantly from funds in the peer group. The Trustees noted the Fund's performance, with regard to its Morningstar peer group, was in the thirtieth and seventy-second percentiles for the three-year and one-year periods ended December 31, 2015, respectively. The Trustees further noted that the Fund has outperformed its benchmark indices from the Fund's July 27, 2012 inception through January 31, 2016. The Trustees also considered that the Fund outperformed its benchmark indices over numerous other relevant short and longer term time periods. The Trustees observed that AC ONE does not manage other accounts utilizing a similar investment strategy to that of the Fund for purposes of conducting a performance comparison.

**Cost of Advisory Services and Profitability.** The Trustees considered the annual advisory fee that the Fund pays to AC ONE under the Investment Advisory Agreement, as well as AC ONE's profitability from services that AC ONE, together with its affiliates Chelsea Management Company and AssetPlus Investment Management Corp., rendered to the Fund during the 12 month period ended June 30, 2015. In that regard, the Trustees noted AC ONE subsidizes the cost of all shareholder (other than transfer agency fees) and distribution services rendered to the Fund which exceed the projected Rule 12b-1 fees payable by the Fund. Regarding management fees charged to separately managed accounts, the Trustees observed that AC ONE and its affiliate, Chelsea Management Company, do not manage any other accounts with investment strategies similar to that of the Fund. The Trustees also observed that AssetPlus Investment Management Corp. charges management fees to its clients that exceed the advisory fee rate paid by the Fund to AC ONE. The Trustees also noted AC ONE had contractually agreed to reduce its advisory fees and, if necessary, reimburse the Fund for its operating expenses, as specified in the Fund's prospectus. The Trustees concluded that AC ONE's service relationship with the Fund has not been profitable.

**Comparative Fee and Expense Data.** The Trustees considered a comparative analysis of the contractual expenses borne by the Fund and those of funds in the same Morningstar benchmark category. The Trustees noted the Fund's advisory fee was higher than the average and median management fee reported for the benchmark category. The Trustees also took into account that the advisory fees borne by the Fund were within the range of that borne by funds in the benchmark category. The Trustees then considered that the total expenses of the Fund's Institutional Class (after waivers and expense reimbursements) were equal to the average and lower than the median total expenses reported for the benchmark category. They also considered that the total expenses of the Investor Class (after fee waivers and expense reimbursements) were higher than the average and median total expenses relative to the benchmark category. The Trustees also considered that the average net assets of the funds comprising the benchmark category were significantly higher than the assets of the Fund. While recognizing that it is difficult to compare advisory fees since advisory services provided may vary from one investment adviser to another, the Trustees concluded that AC ONE's advisory fee continues to be reasonable.

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**Economies of Scale.** The Trustees considered whether the Fund would benefit from any economies of scale, noting that the investment advisory fee for the Fund already contains numerous breakpoints. The Trustees noted AC ONE anticipates realizing certain economies of scale if Fund assets should increase materially from current levels, and determined that the breakpoint structure of the Fund's investment advisory fee will share such economies with Fund shareholders. The Trustees also considered the fact that the Fund's assets are too low to reconsider whether the current breakpoint structure is appropriate at the present time, and further considered that AC ONE agreed to reassess the issue in the future. The Trustees also agreed to reassess the Fund's advisory fee breakpoint structure in the future as circumstances change and the Fund's asset levels increase.

**Other Benefits.** The Trustees considered the direct and indirect financial benefits that could be realized by the Adviser and its affiliates from the Adviser's relationship with the Fund. The Trustees considered that AC ONE does not utilize soft dollar arrangements with respect to portfolio transactions and has no affiliated brokers to execute the Fund's portfolio transactions. While the Trustees noted Rule 12b-1 fees may be paid to AC ONE as compensation for shareholder and distribution services performed on behalf of the Fund, the Trustees also observed that the distribution expenses that AC ONE incurred exceeded any Rule 12b-1 payments from the Fund. The Trustees considered that AC ONE may receive some form of reputational benefit from services rendered to the Fund, but that such benefits are immaterial and cannot otherwise be quantified. The Trustees concluded that AC ONE does not receive additional material financial benefits from services rendered to the Fund.

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### 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.**

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**INVESTMENT ADVISER**

AC ONE Asset Management, LLC  
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Los Angeles, CA 90071

**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 Fund Audit Services, Ltd.  
1350 Euclid Avenue, Suite 800  
Cleveland, OH 44115

**LEGAL COUNSEL**

Bernstein, Shur, Sawyer & Nelson, P.A.  
100 Middle Street  
Portland, ME 04104

*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.*