November 30, 2005

Dear Tilson Focus Fund and Tilson Dividend Fund investors,

As of September 30, 2005, the Tilson Focus Fund had produced a cumulative total return of -2.20% since its inception on March 16, 2005, versus 4.00% over the same period for its benchmark, the Dow Jones Wilshire 5000 Composite Index. As of the same dates, the Tilson Dividend Fund had produced a cumulative total return of 5.70% versus 4.16% over the same period for its benchmark, the Dow Jones U.S. Select Dividend Total Return Index. (For the Funds' most up-to-date performance information, please see our web site at www.tilsonmutualfunds.com. Note that the net asset value (NAV) of both funds at inception was $10.00.)

Cumulative Total Return as of September 30, 2005

	Tilson Focus Fund	**Wilshire 5000 Composite Index**
Since Inception*	**-2.20%**	**4.00%**

	Tilson Dividend Fund	**Dow Jones U.S. Select Dividend Total Return Index**
Since Inception*	**5.70%**	**4.16%**

Performance shown is for the period ended September 30, 2005. The performance data quoted above represents past performance, which is not a guarantee of future results. Investment return and principal value of an investment in the Funds will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the performance data quoted. To obtain more current performance data regarding the Funds, including performance data current to the Funds' most recent month-end, please visit www.tilsonmutualfunds.com. A 2% redemption fee is charged upon redemption of either Fund's shares occurring within one year of the issuance of such shares. The performance data quoted above does not reflect the deduction of the redemption fee and if reflected, the redemption fee would reduce the performance quoted.

****The Fund's inception date is March 16, 2005.***

While we're quite pleased with the performance of the Tilson Dividend Fund, we're not happy that the Tilson Focus Fund is trailing the market since inception. We are not overly concerned, however, because we have a great deal of confidence in the Tilson Focus Fund's holdings, why we own them and what they're worth. But the gap we believe that exists between the price and intrinsic value for each stock we hold can take time to close – and often widens in the interim (we've never claimed to be the world's most clever investors when it comes by nailing the exact bottom when we purchase stocks).

For example, the stock of one of the Tilson Focus Fund's largest positions, Wal-Mart (an 8.34% stock position and 1.49% call option position[1]), has dropped from nearly $50 when we first started purchasing it to below $44 as of the end of September, but our belief is unchanged that the stock will likely rise over the next five years to the $80-$100 range. The only thing that's happened in our opinion is that the stock was moderately undervalued when we first purchased it – and the call options we own were even cheaper – and now the undervaluation is even more pronounced.

The Benefit of the Right Investor Base

In light of the Tilson Focus Fund's performance, we want to thank you for your silence. Our phone is not ringing nor are our email boxes filling up with irate emails. In fact, we have not heard a *single* word of concern from any investor. We believe that this is a tribute both to you and to the way we have built our business. We have not hired a marketing agent or done any advertising, and we have a 2% withdrawal penalty for investors who leave the fund within one year. We don't want hot money because it flees during periods of short-term underperformance like this, which could force us to sell at precisely the time we would likely want to be holding or buying. We believe that one of our greatest strengths is our investor base, which gives us a strong hand and allows us to invest with a long-term horizon.

Time Arbitrage

Famed mutual fund manager Bill Miller, in the June 2005 issue of *Value Investor Insight*, called this advantage "time arbitrage":

> Time arbitrage just means exploiting the fact that most investors – institutional, individual, mutual funds or hedge funds – tend to have very short-term time horizons, have rapid turnover or are trying to exploit very short-term anomalies in the market. So the market looks extremely efficient in the short run. In an environment with massive short-term data overload and with people concerned about minute-to-minute performance, the inefficiencies are likely to be looking out beyond, say, 12 months.

Miller went on to give an example of time arbitrage at work:

> When I was starting out in the business, I was pitching R.J. Reynolds [the Tilson Funds have no position in this security] as a buy to an account in Boston. RJR was a conglomerate then, 1983, trading at 4x earnings. My pitch was that it was really cheap and was going to go up a lot over the next couple of years. When I finished, the chief investment officer said, "That's a really compelling case, but we can't own that. You didn't tell me why it's going to outperform

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[1] A call option is a contract which gives the purchaser of the option (in return for a premium paid) the right to buy, and the writer of the option (in return for a premium received) the obligation to sell, the underlying security at the exercise price at any time prior to the expiration of the option, regardless of the market price of the security during the option period. The Tilson Dividend Fund often sells covered call options to generate current income; such a strategy, however, may limit the appreciation potential of the stocks held in the portfolio. See the Funds' prospectus for more information.

> the market in the next nine months." I said I didn't know if it was going to do that or not, but that there was a very high probability that it would do well over the next three to five years.
>
> He said, "How long have you been in this business? There's a lot of performance pressure in this business, and performing three to five years down the road doesn't cut it. You won't be in business then. Clients expect you perform right now."
>
> So I said "Let me ask you, how's your performance?" He said "It's terrible, that's why we're under a lot of performance pressure." I said "If you bought stocks like this three years ago, your performance would be good right now and you'd be buying stocks like RJR to help your performance over the next three years."

Miller concluded with words we echo:

> We buy today with an eye on performance several years out. I can think of only twice when what we did in the year that we did it helped that year…
>
> Charlie Munger once described the key to investment success as "patience and aggressive opportunism." That's what we do. We don't trade a lot, but if we see something to do, then we'll go after it.[2]

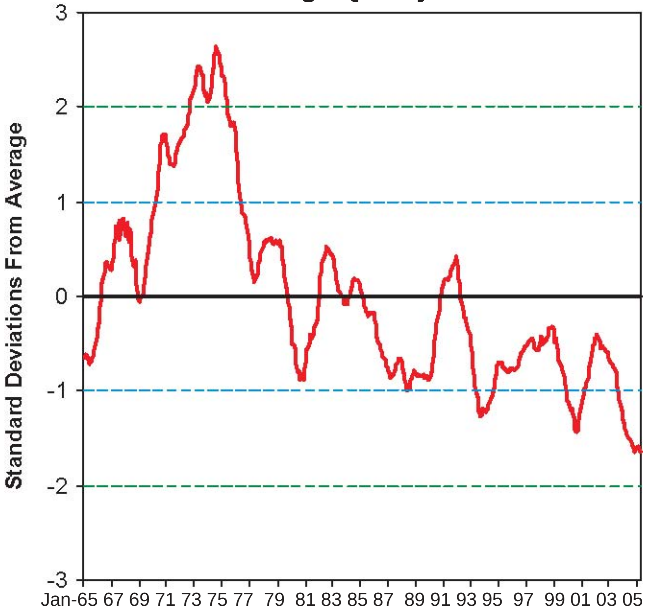
The past few months underscore for us – and should for you as well – that being a contrarian isn't easy. We tend to zig when the market zags, which can make us look pretty foolish – and feel pretty alone – at times. But as long as we keep our eyes firmly focused on the horizon and continue to do good research and analysis, we believe we will do very well over time.

A Focus on Blue-Chip Companies

Both Funds own quite a few stocks of large-cap, blue-chip companies, which is quite unusual for us, as we've made much of our money over our investment careers in a variety of obscure stocks. Today, however, the stocks of some of the world's greatest companies are trading at levels that are appealing to value guys like us. In fact, according to a study by Boston-based investment manager GMO, higher quality companies (which they define as "companies with high profitability, stable profitability, and low debt") are at their lowest valuations *ever* relative to the overall market, as this chart shows:

[2] Whitney Tilson, co-portfolio manager of the Tilson Focus Fund, is co-founder and co-Editor of *Value Investor Insight*. Tilson Mutual Funds have no relationship with either Charlie Munger or with Bill Miller.

Relative Valuation of High Quality Stocks in U.S.



As of 3/31/05
Source: The Trouble With Value, GMO, www.gmo.com [3]

We're not sure why such high-quality businesses are priced at a discount to the overall market – but we suspect one reason is that in such a low-volatility environment, the herd is shunning boring, steady companies in favor of more action and excitement (which helps explain why the Nasdaq, until very recently, was hitting new multi-year highs seemingly every day).

Regardless of the reasons, we're delighted to take advantage. It's so much nicer to own some of the world's greatest companies, whose intrinsic value we believe will increase over time – the only question is, at what rate? – rather than tiny businesses whose only redeeming feature is a very cheap stock.

Common Characteristics of Some of Our Largest Holdings

Falling into the large-cap, blue-chip category for the Tilson Focus Fund are the following stocks: Anheuser-Busch, Berkshire Hathaway, Costco, Foot Locker, McDonalds, Microsoft, Sears Holdings, Wal-Mart, Wendy's and Whirlpool. For the Tilson Dividend Fund, such stocks are: Barnes & Noble, Costco, Exxon Mobil, Kinder Morgan, Laboratory Corporation of America, Microsoft, Intuit, and Tesco.

We believe the following features characterize most, if not all, of these companies:

1) Dominant market leaders;
2) Highly attractive economic characteristics, including high return on equity (especially if one excludes excess cash);
3) Decent, non-cyclical growth – while not high growth, most likely exceeding growth of the overall U.S. economy;
4) Strong balance sheets (in fact, many are overcapitalized, with too much cash);

[3] Tilson Mutual Funds have no relationship with GMO.

5) Maintenance capital expenditures that are significantly less than operating cash flow;
6) High cash conversion ratios, meaning we believe they effectively manage their business and balance sheet to quickly convert inventories and accounts receivable into cash;
7) Good management and board leadership;
8) Significant stock repurchases at prices we believe are below intrinsic value; and
9) Below-average issuance of stock options, relative to peer companies.

Conclusion

We feel very confident about both funds and their future prospects, and want to thank you for your continued confidence in us and the funds.

Sincerely yours,

Whitney Tilson and Glenn Tongue
Co-Portfolio Managers, Tilson Focus Fund

Zeke Ashton and Matt Richey
Co-Portfolio Managers, Tilson Dividend Fund

Investment in the Funds is subject to investment risks, including, without limitation, market risk, management style risk, sector focus risk, foreign securities risk, non-diversified fund risk, portfolio turnover risk, credit risk, interest rate risk, maturity risk, investment-grade securities risk, junk bonds or lower-rated securities risk, derivative instruments risk, valuation risks for non-exchange traded options and real estate securities risk.

An investor should consider the investment objectives, risks and charges and expenses of the Funds carefully before investing. The prospectus contains this and other information about the Funds. A copy of the prospectus is available by calling the Funds directly at (888) 484-5766. The prospectus should be read carefully before investing.

The Tilson Focus Fund held the following position weights in companies referenced in this letter as of September 30, 2005: Anheuser-Busch (2.01% stock position and 2.42% call option position); Berkshire Hathaway (9.47% stock position); Costco(4.45% stock position and 1.03% call option position); Foot Locker (4.07% stock position and 0.12% call option position); McDonald's (9.61% stock position and 4.25% call option position); Microsoft (1.66% stock position and 2.64% call option position); Sears Holdings (4.41% stock position); Wal-Mart (8.34% stock position and 1.49% call option position); Wendy's (1.09% stock position and 1.96% call option position); Whirlpool (1.53% stock position and 0.22% call option position).

The Tilson Dividend Fund held the following position weights in companies referenced in this letter as of September 30, 2005: Microsoft (4.59% stock position); Intuit (3.64% stock position); Barnes & Noble (3.26% stock position); Costco (4.08% stock position); Exxon Mobil (2.75% stock position); Kinder Morgan (3.64% stock position), Laboratory Corporation of America (4.35% stock position), and Tesco (3.84% stock position). The Tilson Dividend Fund also had written (sold) call option positions in companies referenced in this letter as of September 30, 2005: Intuit (-0.04% position);Barnes & Noble (-0.08% position); Costco (-0.02% position); Laboratory Corporation of America (-0.03% position).

The Wilshire 5000 Composite Index is an index of 5,000 stocks selected according to a methodology developed and administered by Wilshire Associates. The Dow Jones U.S. Select Dividend Total Return Index is an index of 100 dividend-paying stocks selected according to a methodology developed and administered by Dow Jones & Co. It is not possible to invest in indexes (like the Wilshire 5000 and the U.S. Select Dividend Total Return Index) that are unmanaged and do not incur fees and charges.

Statements in this letter that reflect projections or expectations of future financial or economic performance of the Funds and of the market in general and statements of the Funds' plans and objectives for future operations are forward-looking statements. No assurance can be given that actual results or events will not differ materially from those projected, estimated, assumed or anticipated in any such forward-looking statements. Important factors that could result in such differences, in addition to the other factors noted with such forward-looking statements, include general economic conditions such as inflation, recession and interest rates.

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