

Annual Report

***For the Period from March 16, 2005 (Date of Initial Public Investment)
to October 31, 2005***

Focus Fund
Dividend Fund

Tilson
Investment
Trust

This report and the financial statements contained herein are submitted for the general information of the shareholders of the Tilson Funds (collectively the "Funds," individually the "Focus Fund" and the "Dividend Fund"). This report is not authorized for distribution to prospective investors in the Funds unless preceded or accompanied by an effective prospectus. Mutual fund shares are not deposits or obligations of, or guaranteed by, any depository institution. Shares are not insured by the FDIC, Federal Reserve Board or any other agency, and are subject to investment risks, including possible loss of principal amount invested. Neither the Funds nor the Funds' distributor is a bank.

Distributor: Capital Investment Group, Inc. 116 South Franklin Street Rocky Mount, NC 27804 Phone 1-800-430-3863.

Investment in the Funds is subject to investment risks, including the possible loss of some or all of the principal amount invested. There can be no assurance that the Funds will be successful in meeting its investment objective. Generally, the Funds will be subject to the following additional risks: 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 risk for non-exchange traded options, and real estate securities risk. More information about these risks and other risks can be found in the Funds' prospectus. When the Funds sell covered call options, the Funds give up additional appreciation in the stock above the strike price since there is the obligation to sell the stock at the covered call option's strike price.

The performance information quoted in this annual report represents past performance, which is not a guarantee of future results. 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 may be lower or higher than the performance data quoted. A redemption fee of 2% of the amount redeemed is imposed on redemptions of Fund shares occurring within one year following the issuance of such shares. An investor may obtain performance data current to the most recent month-end by visiting www.nottinghamco.com.

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 at www.nottinghamco.com or by calling Shareholder Services at 1-888-4TILSON (1-888-484-5766). The prospectus should be read carefully before investing.

Stated performance in the Funds was achieved at some or all points during the year by waiving or reimbursing part of those Funds' total expenses to ensure shareholders did not absorb expenses significantly greater than the industry norm.

This Annual Report was first distributed to shareholders on or about December 30, 2005.

December 22, 2005

Dear Tilson Focus Fund and Tilson Dividend Fund investors:

As of the end of our fiscal year on October 31, 2005, the Tilson Focus Fund had produced a cumulative total return of -2.10% since its inception on March 16, 2005, versus 2.08% 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 3.20% versus 2.80% 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 on March 16, 2005 was \$10.00.)

Cumulative Total Return as of October 31, 2005

	Tilson Focus Fund	Dow Jones Wilshire 5000 Composite Index
Since Inception*	-2.10%	2.08%

	Tilson Dividend Fund	Dow Jones U.S. Select Dividend Total Return Index
Since Inception*	3.20%	2.80%

Performance shown is for the period ended October 31, 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.*

How Value Investors Are Different

We are value investors, which means that we scour the investment universe searching for companies we can understand well and whose stocks are trading at a substantial discount to our conservative estimate of intrinsic value. Given the blinding obviousness of this investment approach – buying something for less than it's worth – it never ceases to amaze us how few investors actually adhere to it.

Why don't they? The concept is certainly simple, but the execution is not. Determining the intrinsic value of a company is very difficult – even after years of training and experience, we can only confidently do so in a relatively small number of cases – and it takes a lot of patience and discipline to work and work and work, and wait and wait and wait until we discover a mouth-watering opportunity. It's so much easier and more fun to have an opinion on every stock and macroeconomic factor and trade stocks like crazy.

While value investors are a diverse lot, we are united by a handful of fundamental characteristics – here are an even dozen:

- 1) We tend to buy what's out of favor rather than what's popular.
- 2) We focus on the intrinsic value of companies and only buy when we're convinced we have a sufficient discount to intrinsic value – meaning the stock is trading significantly, not a tiny bit, below our estimate of intrinsic value – rather than just trying to guess where the herd will go next.
- 3) We understand and profit from reversion to the mean rather than projecting the immediate past indefinitely into the future.
- 4) We understand that beating the market requires having a portfolio that looks quite different from the market and we recognize that truly great investment ideas are rare. So we invest heavily in our handful of best ideas rather than hide behind the “safety” of closet indexing.
- 5) We are focused on avoiding permanent losses and on absolute returns, rather than on relative returns and outperforming a benchmark.
- 6) We typically invest with a multiyear time horizon rather than focusing on the month or quarter ahead.
- 7) We pride ourselves on in-depth and proprietary analysis in search of “variant perceptions” – a different point of view than the consensus – rather than acting on tips or relying on the work of Wall Street analysts.
- 8) We spend much of our time reading – business publications, annual reports, etc. – rather than watching the ticker or television shows about the market.
- 9) We focus on analyzing and understanding micro factors such as a company's margins and future growth prospects rather than trying to predict the direction of interest rates, oil prices, the overall economy, etc.
- 10) We cast a wide net, seeking undervalued securities across industries and types and sizes of companies, rather than accepting artificial “style-box” limitations on market capitalization or other criteria.
- 11) We make our own decisions and are willing to be held accountable for them rather than seek safety in whatever everyone else is buying or decision-making-by-committee.
- 12) We admit our mistakes and seek to learn from them, rather than taking credit for successes and attributing failures to bad luck.

None of this is easy, of course. But if it were easy, everyone would be doing it ... which would make investing a lot less interesting.

Differences Between the Funds

Both Funds follow the principles of sound, conservative value investing, yet they are not identical. In fact, there are very few overlapping holdings, which is not surprising given they have different managers who make independent decisions and also pursue somewhat different strategies. The Tilson Focus Fund seeks to own a concentrated portfolio of the most undervalued stocks its managers can find, irrespective of whether the stocks pay a dividend. The Tilson Dividend Fund, in contrast, seeks to balance the quest for capital appreciation with the virtues of current income. The goal is to provide some of the benefits of income securities with the capital appreciation potential of equities to deliver reliable and dependable results over time. In short, we want Tilson Dividend Fund investors to be able to sleep well at night without sacrificing the prospect of attractive returns.

Guidelines for Managing the Tilson Dividend Fund

Here are the guidelines used in managing the Tilson Dividend Fund:

- Every investment in the portfolio has to produce income in some form (either dividends, bond interest, or in combination with call options sold against some or all of the security.¹) This provides a psychological benefit as well as the obvious tangible benefits: if you know that you own a portfolio of securities that generate cash regardless of short-term stock price fluctuations, it makes it easier to hang in there when times are tough – and hanging in there is half the battle when it comes to investing.
- Our first choice is always to purchase what we believe to be deeply undervalued securities that also happen to pay out higher-than-average dividends – when we can find them. The combination of these two factors offers us two benefits: if we are correct in our assessment that the security is undervalued, we are likely to be rewarded with some meaningful capital appreciation over time, and we will also get paid while we wait!
- Our second choice is to purchase what we believe to be deeply undervalued securities that do not pay dividends, but which offer us attractive prices for selling call options against some or all of the investment.¹ This enables us to “create our own dividend” while still allowing us to benefit from potential stock price appreciation from the underlying security.
- We generally do not sell covered calls on the entire position as long as we feel that there is potential for meaningful price appreciation on the underlying security. This allows us to experience at least some of the benefits when we successfully identify a deeply undervalued security. Of course, it can take time for our ideas to work out, and we can sometimes benefit from selling options against our investment multiple times before we finally experience the stock price return we hoped for when we purchased the investment.

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 Fund’s prospectus and statement of additional information for more information.

- We take into consideration a number of variables when combining the purchase of a security with the sale of call options. Among these variables are the relative attractiveness of the various option dates and strike prices available, our fair value estimate of the underlying security, and the risk inherent in the business.
- Call options sometimes allow us to get paid for taking an action we would have otherwise willingly done for free. For example, if we believe a stock we own is approaching fair value and intend to sell it if the share price goes above \$50, we will usually be happy to sell \$50 call options on our entire position in that security.

We should point out that each and every decision we make in managing the Tilson Dividend Fund is based on getting the most value at the best price – the same as any value investor – in a manner consistent with our emphasis on creating current income for our investors. We expect that this approach to combining value and income will offer significant benefits to our investors over time.

Circle of Competence

A critical element of successful investing is staying within one's circle of competence – in other words, only investing in companies and industries that one understands well.

If you review the holdings of both Funds, you will notice that there are few cutting-edge technology companies, medical companies hoping to come up with a cure for cancer or AIDS, and so forth (if you're looking for action and excitement, our Funds are not for you!). Why? Because we simply can't understand such companies well enough to predict with any degree of accuracy their future free cash flows – and if we can't do that, there's no way we can estimate their value.

At times, shunning the hottest, sexiest sectors will cause our Funds to underperform. That's okay – there will *always* be hot sectors that we have little or no exposure to. However, there's one area worth commenting on specifically – housing stocks – since many value investors have invested in this sector and we have not. We have analyzed most of the companies in this sector at one time or another, but have always been concerned about a bubble – for quite some time now, there have been signs of speculative excesses. The stocks have always appeared very cheap – generally trading at less than 10x earnings – but as Peter Lynch correctly warned in his classic book, Beating the Street, the worst time to buy a cyclical stock is when its P/E ratio is the lowest (because it generally means earnings are at a cyclical peak). While the housing market has done nothing but go up steadily for many years (until very recently anyway), we think the odds are good that it's still a cyclical sector.

Our feelings on “missing” certain sectors are best captured by an exchange between Warren Buffett and Charlie Munger at the Berkshire Hathaway annual meeting in May 2003 (the Tilson Focus Fund owns a 9.65% position in this stock). When asked by a shareholder why they hadn't invested in the telecom sector when it had become extremely cheap in late 2002, they replied:

Buffett: I don't have the faintest idea how to evaluate what telecom companies will look like down the road. I only understand a little of what they do. I suppose if you gave me some information, I could regurgitate it back to you but in terms of understanding their economic

characteristics down the road, I don't know. Charlie, what do you know about the telecom business?

Munger: Less than you do.

Buffett: Then you're in trouble. I know people will be drinking Coke, using Gillette blades and eating Snickers bars in 10-20 years and have rough idea of how much profit they'll be making. But I don't know anything about telecom.

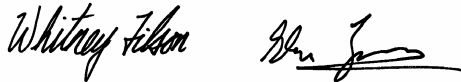
It doesn't bother me. Somebody will make money on cocoa beans, but not me. I don't worry about what I don't know – I worry about being sure about what I do know.

Similarly, we don't have (nor have we ever had) a strong conviction about the prospects for the U.S. housing market. In contrast, however, we are quite certain that people around the world will, over time, be buying more goods from Wal-Mart, Costco and Barnes & Noble, eating more food at Wendy's and McDonald's, buying more gas from Exxon Mobil, drinking more Anheuser-Busch beverages and buying more software from Microsoft (all stocks held by one or both Funds).

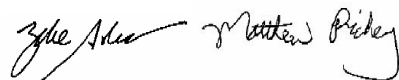
Conclusion

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 are 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.

Please refer to the Portfolio of Investments section of this Annual Report for a complete listing of Funds' holdings and the amount each represents of the portfolio.

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.

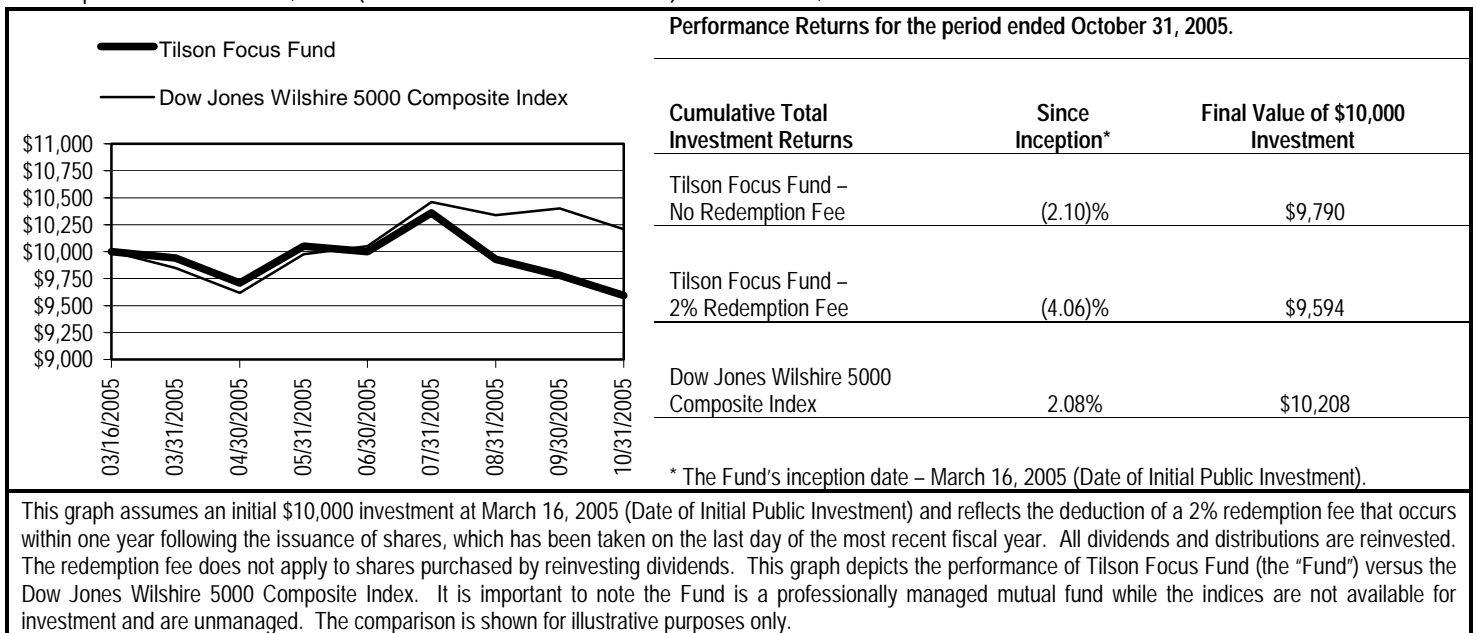
Statements in this letter that reflect projections or expectations of future financial or economic performance of the Funds and of the market in general and statements of the Funds' plans and objectives for future operations are forward-looking statements. No assurance can be given that actual results 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.

Underwriter and Distributor: Capital Investment Group, Inc.
116 South Franklin Street, Rocky Mount, NC 27804
Phone (800) 773-3863

Tilson Focus Fund

Performance Update - \$10,000 Investment

For the period from March 16, 2005 (Date of Initial Public Investment) to October 31, 2005.



Performance quoted above represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. An investor may obtain performance data, current to the most recent month-end, by visiting www.nottinghamco.com.

The graph and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Average annual total returns are historical in nature and measure net investment income and capital gain or loss from portfolio investments assuming reinvestments of dividends.

Fund Expenses

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, which may include redemption fees for shares redeemed within one year 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 as indicated below.

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

Hypothetical Example for Comparison Purposes – The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed annual rate of return of 5% 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 by comparing this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of 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 for shares redeemed within one year. 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.

Expense Example	Beginning Account Value May 1, 2005	Ending Account Value October 31, 2005	Expenses Paid During Period*
Actual	\$1,000.00	\$1,008.20	\$9.87
Hypothetical (5% return before expenses)	\$1,000.00	\$1,015.38	\$9.91

* Actual Expenses are based on expenses incurred in the most recent six-month period. The Fund's annualized six-month expense ratio is 0.45% (exclusive of interest, taxes, brokerage fees and commissions, investment advisory and/or variable performance incentive fees paid to the Advisor, extraordinary expenses, and payments, if any, under a Rule 12b-1 Plan). As a result the Fund's "Total Annual Fund Operating Expense" (excluding interest, taxes, brokerage fees and commissions, and extraordinary expenses) will be limited to 2.40% (assuming the maximum variable performance-based incentive fee of 1.95% as discussed in more detail in the footnotes) of the Fund's average daily net assets. The values under "Expenses Paid During Period" are equal to the annualized expense ratio of 1.95% multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period (184 days), then divided by 365 (to reflect the number of days in the current fiscal period).

Tilson Focus Fund

Schedule of Investments

As of October 31, 2005

	Shares	Market Value (Note 1)		Shares	Market Value (Note 1)
COMMON STOCKS - 71.60%			Software - 8.19%		
Auto Parts & Equipment - 4.85%			Microsoft Corporation		
Lear Corporation	10,000	\$ 304,600		20,000	\$ 514,000
Beverages - 1.91%			Total Common Stocks (Cost \$4,593,285)		
Anheuser-Busch Companies	2,900	119,654	4,492,793		
Diversified Financial Services - 1.98%			CALL OPTIONS PURCHASED - 14.50%		
American Express Company	2,000	99,540	(Note 2)		
Freddie Mac	400	24,540	* Anheuser-Busch Co. Inc., 01/20/2007		
		124,080	Strike \$45.00	4,000	9,000
Holding Companies - Diversified - 5.18%			Strike \$50.00	7,000	7,000
Resource America, Inc.	20,000	324,800	* Anheuser-Busch Co. Inc., 01/19/2008		
Home Furnishings - 1.56%			Strike \$35.00	12,500	112,500
Whirlpool Corporation	1,250	98,125	* Costco Wholesale Corp., 01/20/2007		
Insurance - 9.65%			Strike \$35.00	6,000	91,800
* Berkshire Hathaway Inc.	215	605,225	* Foot Locker Inc., 01/19/2008		
Internet - 0.29%			Strike \$20.00	1,500	5,250
* Overstock.com Inc.	550	18,332	* Freddie Mac, 01/20/2007		
Metals - Diversified - 0.36%			Strike \$65.00	3,000	17,100
* Universal Stainless			* Laboratory Corp., 01/20/2007		
Alloy Products, Inc.	1,500	22,350	Strike \$40.00	1,000	11,000
Pharmaceuticals - 0.48%			* Lear Corporation, 01/19/2008		
Pfizer, Inc.	1,400	30,436	Strike \$25.00	1,000	10,300
Real Estate Investment Trust - 0.10%			* McDonald's Corp., 01/21/2006		
* First Union Real Estate Equity & Mortgage Investments	1,300	6,279	Strike \$25.00	10,000	66,000
Retail - 37.05%			* McDonald's Corp., 03/18/2006		
CKE Restaurants, Inc.	19,000	241,680	Strike \$30.00	27,500	88,000
Costco Wholesale Corp.	6,400	309,504	* McDonald's Corp., 01/20/2007		
Foot Locker Inc.	11,500	223,560	Strike \$25.00	3,000	26,700
McDonald's Corporation	20,800	657,280	Strike \$30.00	4,000	20,400
* Sears Holdings Corporation	2,200	264,550	* Microsoft Corp., 01/19/2008		
Wal-Mart Stores, Inc.	11,800	558,258	Strike \$25.00	40,000	164,000
Wendy's International, Inc.	1,500	70,080	* Wal-Mart Stores Inc., 01/20/2007		
		2,324,912	Strike \$45.00	16,700	108,550
			Strike \$50.00	7,000	26,600
			* Wendy's International Inc., 01/20/2007		
			Strike \$35.00	7,000	97,300
			Strike \$40.00	3,800	39,140
			* Whirlpool Corporation, 01/20/2007		
			Strike \$60.00	400	9,000
			Total Call Options Purchased		
			(Cost \$979,063)		
			909,640		

(Continued)

Tilson Focus Fund

Schedule of Investments

As of October 31, 2005

	Shares	Market Value (Note 1)
INVESTMENT COMPANIES - 8.88%		
Evergreen Institutional Money Market Fund	278,403	\$ 278,403
Merrimac Cash Series Nottingham Shares	278,403	<u>278,403</u>
Total Investment Companies (Cost \$556,806)		<u>556,806</u>
Total Investments (Cost \$6,129,154) - 94.98%		\$ 5,959,239
Other Assets less Liabilities - 5.02%		<u>315,019</u>
Net Assets - 100.00%		<u><u>\$ 6,274,258</u></u>

* Non-income producing investment.

Summary of Investments by Industry

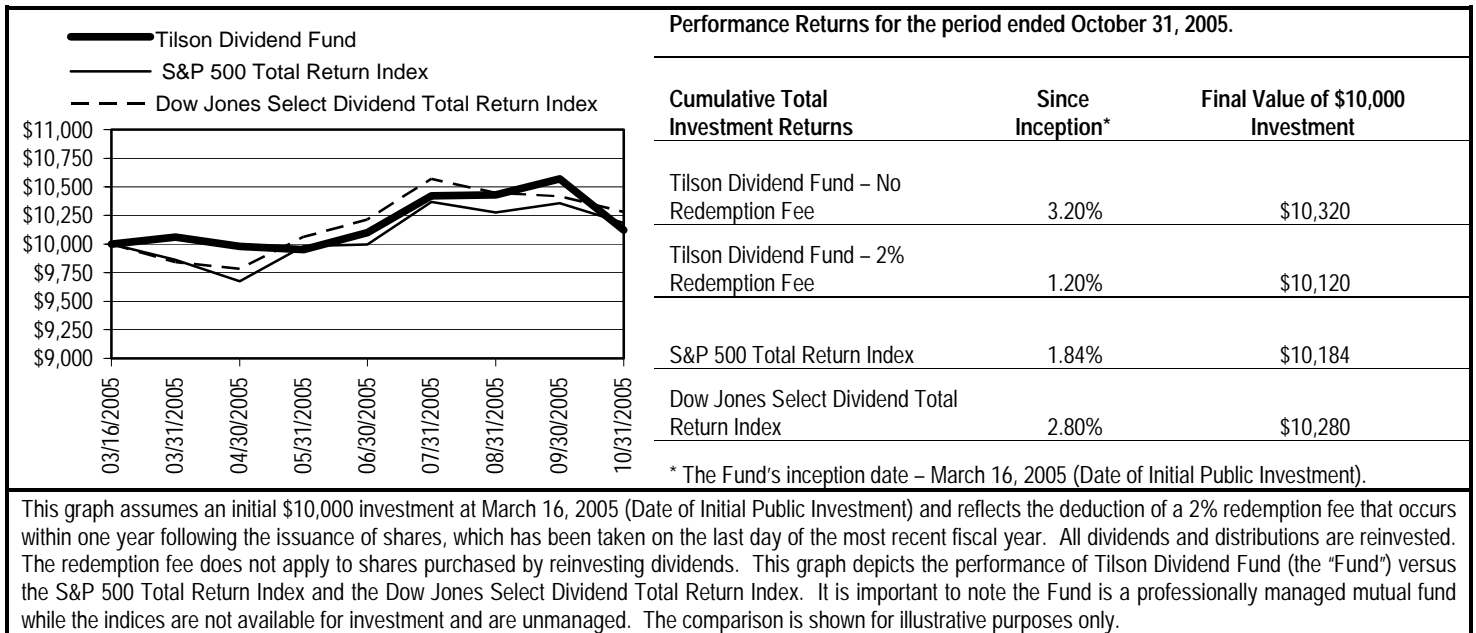
Industry	% of Net Assets	Value
Auto Parts & Equipment	5.02%	\$ 314,900
Beverages	3.95%	248,154
Diversified Financial Services	2.25%	141,180
Holding Company - Diversified	5.18%	324,800
Home Furnishings	1.71%	107,125
Insurance	9.65%	605,225
Internet	0.29%	18,332
Investment Companies	8.88%	556,806
Medical	0.17%	11,000
Metals - Diversified	0.36%	22,350
Pharmaceuticals	0.48%	30,436
Real Estate Investment Trust	0.10%	6,279
Retail	46.13%	2,894,652
Software	10.81%	678,000
Total	94.98%	\$ 5,959,239

See Notes to Financial Statements

Tilson Dividend Fund

Performance Update - \$10,000 Investment

For the period from March 16, 2005 (Date of Initial Public Investment) to October 31, 2005.



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Fund Expenses

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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 annual rate of return of 5% 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 by comparing this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

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Expense Example	Beginning Account Value May 1, 2005	Ending Account Value October 31, 2005	Expenses Paid During Period*
Actual	\$1,000.00	\$1,034.10	\$10.00
Hypothetical (5% return before expenses)	\$1,000.00	\$1,015.38	\$9.91

* Actual Expenses are based on expenses incurred in the most recent six-month period. The Fund's annualized six-month expense ratio is 0.45% (exclusive of interest, taxes, brokerage fees and commissions, investment advisory and/or variable performance incentive fees paid to the Advisor, extraordinary expenses, and payments, if any, under a Rule 12b-1 Plan). As a result, the Fund's "Total Annual Fund Operating Expense" (excluding interest, taxes, brokerage fees and commissions, and extraordinary expenses) will be limited to 1.95% of the Fund's average daily net assets. The values under "Expenses Paid During Period" are equal to the annualized expense ratio of 1.95% multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period (184 days), then divided by 365 (to reflect the number of days in the current fiscal period).

Tilson Dividend Fund

Schedule of Investments

As of October 31, 2005

	Shares	Market Value (Note 1)		Shares	Market Value (Note 1)
COMMON STOCKS - 83.46%			Semiconductors - 2.63%		
Auto Parts & Equipment - 6.31%			* Cree, Inc. †		
Bandag, Incorporated	3,800	\$ 138,320		4,200	\$ 100,968
MileMarker International, Inc.	31,100	103,563	Software - 11.63%		
		<u>241,883</u>	* EPIQ Systems, Inc. †		
Diversified Financial Services - 2.21%			* Intuit Inc. †		
Alliance Capital Management Holdings L.P.	1,600	84,688	Microsoft Corporation		
Electronics - 2.16%					
Mesa Laboratories, Inc.	7,200	82,872			
Food - 5.47%			Telecommunications - 6.16%		
μ Industrias Bachoco S.A.	3,900	70,980	Atlantic Tele-Network, Inc.		
μ Tesco PLC	8,600	138,890	* Netgear, Inc. †		
		<u>209,870</u>			
Healthcare - Services - 4.15%			Total Common Stocks (Cost \$3,075,102)		
* Laboratory Corporation of America Holdings †	3,300	159,225	<u>3,200,573</u>		
Internet - 5.92%			LIMITED PURPOSE TRUST - 5.10%		
* Netflix Inc. †	8,600	227,126	α Sleep Country Canada		
Mining - 8.00%			Income Fund		
Aber Diamond Corporation	3,700	114,892	(Cost \$187,892)		
Newmont Mining Corporation †	4,500	191,700	12,600		
		<u>306,592</u>	<u>195,742</u>		
Oil & Gas - 6.96%			INVESTMENT COMPANIES - 9.51%		
Exxon Mobil Corporation	3,300	185,262	Evergreen Institutional Money Market		
* The Meridian Resource Corp. †	18,000	81,540	Fund		
		<u>266,802</u>	182,293		
Pharmaceuticals - 5.07%			Merrimac Cash Series Nottingham		
* QLT Inc. †	27,500	194,425	Shares		
Pipelines - 3.32%			182,293		
Kinder Morgan, Inc.	1,400	127,260	Total Investment Companies (Cost \$364,586)		
Retail - 13.47%			<u>364,586</u>		
Ark Restaurants Corp.	3,500	99,925	Total Investments (Cost \$3,627,580) - 98.07%		
Barnes & Noble, Inc. †	3,200	115,712	Other Assets less Liabilities - 1.93%		
Costco Wholesale Corporation †	3,500	169,260	<u>73,848</u>		
Lone Star Steakhouse & Saloon, Inc.	5,100	131,631	Net Assets - 100.00%		
		<u>516,528</u>	<u>\$ 3,834,749</u>		
			* Non-income producing investment.		
			μ ADR		
			α Canadian security		
			† Portion of the security is pledged as collateral for call options written		
			<i>The following acronyms and abbreviations are used in this portfolio:</i>		
			ADR - American Depositary Receipt.		
			PLC - Public Limited Company (British)		
			SA - Sociedad Anónima (Mexican).		

(Continued)

Tilson Dividend Fund

Call Options Written

As of October 31, 2005

	Shares Subject to Call	Market Value (Note 1)
Common Stocks, Expiration Date, Exercise Price		
* Laboratory Corporation of America Holdings, 11/19/2005 Strike \$50.00	300	\$ 75
* Costco Wholesale Corporation, 1/21/2006 Strike \$45.00	500	2,200
* EPIQ Systems, Inc., 1/21/2006 Strike \$17.50	1,200	2,160
* Intuit Inc., 1/21/2006 Strike \$47.50	1,000	1,600
* Newmont Mining Corporation, 1/21/2006 Strike \$40.00	1,000	4,400
	1,000	1,850
* Laboratory Corporation of America Holdings, 2/18/2006 Strike \$50.00	600	840
* Cree, Inc., 3/18/2006 Strike \$25.00	4,200	9,240
* Netflix Inc., 3/18/2006 Strike \$25.00	1,800	7,740
	1,500	4,950
	5,300	11,660
* QLT Inc., 3/18/2006 Strike \$7.50	8,500	5,950
* Barnes & Noble, Inc., 4/22/2006 Strike \$40.00	600	870
* The Meridian Resource Corporation, 4/22/2006 Strike \$5.00	8,000	4,400
* Netgear, Inc., 6/17/2006 Strike \$20.00	3,000	9,000
	3,000	6,150
* QLT Inc., 6/17/2006 Strike \$7.50	6,000	5,700
Total (Premiums Received \$60,551)		\$ 78,785

Summary of Investments by Industry

Industry	% of Net Assets	Value
Auto Parts & Equipment	6.31%	\$ 241,883
Diversified Financial Services	2.21%	84,688
Electronics	2.16%	82,872
Food	5.47%	209,870
Healthcare - Services	4.15%	159,225
Internet	5.92%	227,126
Investment Companies	9.51%	364,586
Limited Purpose Trust	5.10%	195,742
Mining	8.00%	306,592
Oil & Gas	6.96%	266,802
Pharmaceuticals	5.07%	194,425
Pipelines	3.32%	127,260
Retail	13.47%	516,528
Semiconductors	2.63%	100,968
Software	11.63%	446,054
Telecommunications	6.16%	236,280
Total	98.07%	\$ 3,760,901

See Notes to Financial Statements

Tilson Funds

Statements of Assets and Liabilities

<i>As of October 31, 2005</i>	<i>Focus Fund</i>	<i>Dividend Fund</i>
Assets:		
Investments, at cost	\$ 6,129,154	\$ 3,627,580
Investments, at value	\$ 5,959,239	\$ 3,760,901
Cash	316,868	361,002
Receivables:		
Investments sold	6,742	22,083
Dividends, at value	2,875	5,435
Prepaid expenses	9,763	10,634
Total Assets	6,295,487	4,160,055
Liabilities:		
Call options written, at value (Premiums received \$60,551)	-	78,785
Payables:		
Investments purchased	-	224,392
Advisor (<i>note 2</i>)	6,320	7,559
Accrued expenses	14,869	14,570
Other liabilities	40	-
Total Liabilities	21,229	325,306
Net Assets	\$ 6,274,258	\$ 3,834,749
Net Assets Consist of:		
Capital (par value and paid in surplus)	\$ 6,394,238	\$ 3,741,649
Accumulated net realized gain (loss) on investments and foreign currency translations	49,935	(21,978)
Net unrealized (depreciation) appreciation on investments and translation of assets and liabilities in foreign currencies	(169,915)	115,078
Total Net Assets	\$ 6,274,258	\$ 3,834,749
Shares Outstanding, no par value (unlimited authorized shares)	641,109	371,629
Net Asset Value, Offering Price and Redemption Price Per Share	\$ 9.79	\$ 10.32

See Notes to Financial Statements.

Tilson Funds

Statements of Operations

For the Period from March 16, 2005 (Date of Initial Public Investment)
to October 31, 2005

	Focus Fund	Dividend Fund
Investment Income:		
Dividends (net of foreign withholding tax of \$0 and \$1,311, respectively)	\$ 17,813	\$ 29,153
Total Income	17,813	29,153
Expenses:		
Advisory fees (note 2)	43,086	24,184
Administration fees (note 2)	5,027	2,822
Transfer agent fees (note 2)	13,097	13,097
Fund accounting fees (note 2)	17,198	17,072
Compliance services fees (note 2)	4,880	4,880
Custody fees (note 2)	3,425	3,366
Other accounting fees (note 2)	11,006	12,211
Legal fees	8,143	8,142
Audit and tax preparation fees	16,549	15,050
Registration and filing administration fees	5,011	5,011
Registration and filing expenses	28,236	27,141
Shareholder servicing expenses	4,860	2,545
Printing expenses	757	627
Trustees' fees and meeting expenses	7,097	7,097
Securities pricing fees	1,574	1,752
Other operating expenses	8,697	8,644
Total Expenses	178,643	153,641
Expenses reimbursed by advisor (note 2)	(122,417)	(122,219)
Net Expenses	56,226	31,422
Net Investment Loss	(38,413)	(2,269)
Net Realized and Unrealized (Loss) Gain from Investments and Foreign Currency:		
Net realized gain (loss) from:		
Investments	88,666	16,526
Options	(318)	(38,504)
Foreign currency transactions	-	63
Change in unrealized appreciation on investments and translation of assets and liabilities in foreign currencies	(169,915)	115,078
Net Realized and Unrealized (Loss) Gain from Investments and Foreign Currency	(81,567)	93,163
Net (Decrease) Increase in Net Assets Resulting from Operations	\$ (119,980)	\$ 90,894

See Notes to Financial Statements.

Tilson Funds

Statements of Changes in Net Assets

<i>For the Period from March 16, 2005 (Date of Initial Public Investment) to October 31, 2005</i>	<i>Focus Fund</i>	<i>Dividend Fund</i>
Operations:		
Net investment loss	\$ (38,413)	\$ (2,269)
Net realized gain from investment transactions and foreign currency translations	88,666	16,589
Net realized loss from options	(318)	(38,504)
Change in unrealized appreciation on investments and translation of assets and liabilities in foreign currencies	(169,915)	115,078
Net (Decrease) Increase in Net Assets Resulting from Operations	(119,980)	90,894
Capital Share Transactions: <i>(note 6)</i>		
Shares sold	6,340,300	3,794,495
Shares repurchased	(46,062)	(50,640)
Increase from Capital Share Transactions	6,294,238	3,743,855
Net Increase in Net Assets	6,174,258	3,834,749
Net Assets:		
Beginning of Period	100,000	-
End of Period	\$ 6,274,258	\$ 3,834,749
Undistributed Net Investment Income	\$ -	\$ -

See Notes to Financial Statements

Tilson Funds

Financial Highlights

For a share outstanding during the period from March 16, 2005
(Date of Initial Public Investment) to October 31, 2005

	<i>Focus Fund</i>	<i>Dividend Fund</i>
Net Asset Value, Beginning of Period	\$ 10.00	\$ 10.00
Income from Investment Operations:		
Net investment loss	(0.06)	(0.01)
Net realized and unrealized (loss) gain on securities and foreign currency translations	(0.15)	0.33
Total from Investment Operations	(0.21)	0.32
Net Asset Value, End of Period	\$ 9.79	\$ 10.32
Total Return	(2.10) %	3.20 %
Net Assets, End of Period (in thousands)	\$ 6,274	\$ 3,835
Average Net Assets for the Period (in thousands)	\$ 4,558	\$ 2,559
Gross Expenses to Average Net Assets	6.22 % (a)	9.52 % (a)
Net Expenses to Average Net Assets	1.95 % (a)	1.95 % (a)
Net Investment Loss to Average Net Assets	(1.33) % (a)	(0.14) % (a)
Portfolio Turnover Rate	79.96 %	31.13 %

(a) Annualized.

See Notes to Financial Statements.

Tilson Funds

Notes to Financial Statements

1. Organization and Significant Accounting Policies

The Tilson Focus Fund and the Tilson Dividend Fund (collectively the "Funds" and individually a "Fund") are series funds. The Funds are part of The Tilson Investment Trust (the "Trust"), which was organized as a Delaware statutory trust and is registered under the Investment Company Act of 1940 (the "1940 Act"), as amended, as an open-ended management investment company. Each of the Funds in this report are classified as non-diversified as defined in the 1940 Act.

The Tilson Focus Fund (the "Focus Fund") commenced operations on March 16, 2005. The investment objective of the Fund is to seek long-term capital appreciation through investment in equity securities of companies that the Advisor believes are undervalued in the securities market.

The Tilson Dividend Fund (the "Dividend Fund") commenced operations on March 16, 2005. The investment objective of the Fund is to seek maximum total return through a combination of capital appreciation and current income. The Fund invests in common stocks of companies that the Advisors believe to be undervalued in their respective markets, but which also offer high dividend yields relative to the average yields of the broad market.

The following accounting policies have been consistently followed by the Funds and are in conformity with accounting principles generally accepted in the United States of America in the investment company industry.

Investment Valuation

The Funds' investments in securities are carried at value. Securities listed on an exchange or quoted on a national market system are valued at the last sales price as of 4:00 p.m. Eastern Time. Securities traded in the NASDAQ over-the-counter market are generally valued at the NASDAQ Official Closing Price. Other securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the most recent bid price. Securities and assets for which representative market quotations are not readily available (e.g., if the exchange on which the portfolio security is principally traded closes early or if trading of the particular portfolio security is halted during the day and does not resume prior to the Funds' net asset value calculation) or which cannot be accurately valued using the Funds' normal pricing procedures are valued at fair value as determined in good faith under policies approved by the Trustees. A portfolio security's "fair value" price may differ from the price next available

for that portfolio security using the Funds' normal pricing procedures. Instruments with maturities of 60 days or less are valued at amortized cost, which approximates market value.

Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date.

The Funds do not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments.

Realized foreign exchange gains or losses 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 recorded amounts of dividends, interest, and foreign withholding taxes, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

Investment Transactions and Investment Income

Investment transactions are accounted for as of the date purchased or sold (trade date). Dividend income is recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded as soon as the Trust is informed of the dividend if such information is obtained subsequent to the ex-dividend date. Interest income is recorded on the accrual basis and includes amortization of discounts and premiums. Gains and losses are determined on the identified cost basis, which is the same basis used for federal income tax purposes.

Option Writing

When the Funds write an option, an amount equal to the premium received by the Funds is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Funds on the expiration date as realized gains from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain or loss (depending on if the

(Continued)

Tilson Funds

Notes to Financial Statements

premium is less than the amount paid for the closing purchase transaction). If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Funds have realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Funds. The Funds, as the writer of an option, bear the market risk of an unfavorable change in the price of the security underlying the written option.

Expenses

The Funds bear expenses incurred specifically on its behalf as well as a portion of general Trust expenses, which are allocated according to methods approved annually by the Trustees.

Dividend Distributions

The Funds may declare and distribute dividends from net investment income (if any) at the end of each calendar quarter. Distributions from capital gains (if any) are generally declared and distributed annually.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amount of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ from those estimates.

Fees on Redemptions

The Funds charge a redemption fee of 2.00% of the amount redeemed on redemptions of Funds' shares occurring within one year following the issuance of such shares. The Redemption Fee is not a fee to finance sales or sales promotion expenses, but is paid to the Funds to defray the costs of liquidating an investor and discouraging short-term trading of the Funds' shares. No Redemption Fee will be imposed on the redemption of shares representing dividends or capital gains distributions, or on amounts representing capital appreciation of shares. The redemption fees returned for this period are \$789 and \$0 for the Focus Fund and Dividend Fund, respectively.

Federal Income Taxes

No provision for income taxes is included in the accompanying financial statements, as the Funds intend to distribute to shareholders all taxable investment income and realized gains and otherwise comply with Subchapter M of the Internal Revenue Code applicable to regulated investment companies.

Indemnifications

Under the Funds' organizational documents, its officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Funds entered into contracts with their vendors and others that provide for general indemnifications. The Funds' maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Funds. The Funds expect that risk of loss to be remote.

2. Transactions with Affiliates

Advisor (Both Funds)

The Funds pay a monthly advisory fee to T2 Partners Management L.P. (the "Advisor") based upon the average daily net assets of each Fund. The Advisor has entered into contractual agreements ("Expense Limitation Agreement") with the Funds under which it has agreed to reduce the amount of the investment advisory fee to be paid to the Advisor by the Funds for certain months and to assume other expenses of each of the Funds, if necessary, in an amount that limits the Funds' total operating expenses (exclusive of interest, taxes, brokerage fees and commissions, investment advisory and/or variable performance incentive fees paid to the Advisor, extraordinary expenses, and payments, if any, under a Rule 12b-1 Plan) to not more than a specified percentage of the average daily assets of each Fund for the current fiscal year. There can be no assurance the Expense Limitation Agreement will continue in the future. The expense limitation percentages for the period ended October 31, 2005 were 0.45% for each fund. The expenses reimbursed during this period are \$122,417 and \$122,219, for the Focus Fund and Dividend Fund, respectively.

Advisor (Focus Fund)

As full compensation for investment advisory services, the Advisor receives monthly compensation in the form of a Variable Advisory Fee. The fee is comprised of two component fees: (i) a fixed rate of 1.50% of the average daily net assets of the Focus Fund ("Fulcrum Fee") and (ii) a performance incentive fee ("Performance Fee").

The Fulcrum Fee is calculated by multiplying 1.50% by the average net assets of the Focus Fund for the fiscal year to date divided by the number of days in the year multiplied by the number of days in the calendar month. The Performance Fee is calculated by multiplying the "Performance Adjustment Rate" (as described below) by the average daily net assets of the Focus Fund over the Measuring Period. While the Performance Fee is

(Continued)

Tilson Funds

Notes to Financial Statements

calculated on the 12-month Measuring Period, it is prorated to a monthly payment to correspond with the Focus Fund's monthly payment of the Variable Advisory Fee.

The Performance Adjustment Rate will vary with the Focus Fund's performance as compared to the performance of the Wilshire 5000 Index as published on the close of the market on the last day of the Measuring Period, with dividends reinvested, and will range from -0.45% to +0.45%. The Performance Adjustment Rate will be calculated at 4.50% of the cumulative difference between the performance of the Focus Fund and that of the Wilshire 5000 Index over the Measuring Period, except that no performance adjustment will be paid if the cumulative difference between the Focus Fund's performance and that of the Wilshire 5000 index is +/- 2.00%. The factor of 4.50% is derived from the fact that the Advisor will achieve the maximum / minimum Performance Adjustment Rate when the cumulative total return difference between the Focus Fund and the Wilshire 5000 Index is +/- 10.00% over the Measuring Period (i.e., 0.45% divided by 10.00%=4.50%). During the first full twelve calendar months following the effective date of the Trust's registration statement, the Advisor is entitled to receive only the Fulcrum Fee.

Advisor (Dividend Fund)

As full compensation for the investment advisory services provided to the Dividend Fund, the Advisor receives monthly compensation based on the Dividend Fund's average daily net assets at the annual rate of 1.50%.

Sub-Advisor (Dividend Fund)

The Dividend Fund's sub-advisor is Centaur Capital Partners, L.P., ("Sub-Advisor"). The Sub-Advisor serves in that capacity pursuant to an investment sub-advisory contract with the Advisor as approved by the Trustees. The Sub-Advisor, with oversight from the Advisor, makes day-to-day investment decisions for the Dividend Fund and selects broker-dealers for executing portfolio transactions, subject to the brokerage policies established by the Trustees.

For its sub-advisory services to the Dividend Fund, the Sub-Advisor receives from the Advisor quarterly compensation based on the Dividend Fund's average daily net assets at the rate of 0.75% less certain of the Advisor's marketing and operating expenses, as agreed to between the Advisor and Sub-Advisor. The Sub-Advisor has also agreed to allow the Advisor to withhold from that compensation up to one-half of the Advisor's expenses under the Expense Limitation Agreement as it relates to the Dividend Fund. The Dividend Fund does not pay a direct fee to the Sub-Advisor.

Administrator

The Funds pay a monthly administration fee to The Nottingham Company (the "Administrator") based upon the average daily net assets of each Fund and calculated at the annual rates as shown in the following schedule which is subject to a minimum of \$2,000 per month per Fund. The Administrator also receives a fee to procure and pay the custodian for the Funds, additional compensation for fund accounting and recordkeeping services, and additional compensation for certain costs involved with the daily valuation of securities and as reimbursement for out-of-pocket expenses. A breakdown of these is provided in the schedule below.

	<i>Administration Fees</i>		<i>Custody fees</i>		<i>Fund Accounting Fees (monthly)</i>	<i>Fund Accounting Fees*</i>	<i>Blue Sky Administration Fees (annual)</i>
	<i>Average Net Assets</i>	<i>Annual Rate</i>	<i>Average Net Assets</i>	<i>Annual Rate</i>			
All Funds	First \$50 million	0.175%	First \$100 million	0.020%	\$2,250	0.01%	\$150 per state
	Next \$50 million	0.150%	Over \$100 million	0.009%			
	Next \$50 million	0.125%					
	Next \$50 million	0.100%					
	Over \$200 million	0.075%					

*Fees are based on all assets.

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Tilson Funds

Notes to Financial Statements

Compliance Services

The Nottingham Compliance Services, LLC, a fully owned affiliate of The Nottingham Company, provides services which assists the Trust's Chief Compliance Officer in monitoring and testing the policies and procedures of the Trust in conjunction with requirements under Rule 38a-1 of the Securities and Exchange Commission. It receives compensation for this service at an annual rate of \$7,750.

Transfer Agent

North Carolina Shareholder Services, LLC ("Transfer Agent") serves as transfer, dividend paying, and shareholder servicing agent for the Funds. It receives compensation for its services based upon \$15 per shareholder per year, subject to a minimum fee of \$1,750 per month.

Certain Trustees and officers of the Trust are also officers of the Advisor, the Distributor or the Administrator.

4. Options Written

As of October 31, 2005, portfolio securities valued at \$827,440 were held in escrow by the custodian to cover call options written by the Dividend Fund.

Option Contracts Written for the Period from March 16, 2005 (Date of Initial Public Investment) to October 31, 2005 (Dividend Fund only).

	<i>Number of Contracts</i>	<i>Premiums Received</i>
Options Outstanding, Beginning of Period	-	\$ -
Options written	767	103,662
Options closed	(273)	(40,981)
Options exercised	(19)	(2,130)
Options expired	-	-
Options Outstanding, End of Period	475	\$60,551

5. Federal Income Tax

The tax components of capital shown on the following tables represent: (1) distribution requirements the Fund must satisfy under the income tax regulations, (2) losses or deductions the Fund may be able to offset against income and gains realized in future years, and (3) unrealized appreciation or depreciation of investments for federal income tax purposes as of October 31, 2005.

3. Purchases and Sales of Investment Securities

For the period ended October 31, 2005, the aggregate cost of purchases and proceeds from sales of investment securities (excluding short-term securities) were as follows:

<i>Fund</i>	<i>Purchases of Securities</i>	<i>Proceeds from Sales of Securities</i>
Focus Fund	\$7,544,891	\$2,244,915
Dividend Fund	\$3,787,648	\$541,180

There were no long-term purchases or sales of U.S Government Obligations during the period ended October 31, 2005.

Other book to tax differences in the current period primarily consist of capital loss deferrals on wash sales and different book tax treatment of short-term capital gains and 988 gain noted on table below.

<i>Funds</i>	<i>Undistributed Ordinary Income</i>	<i>Undistributed Long-Term Gains</i>	<i>Capital Loss Carry-Forwards</i>	<i>Net Tax Appreciation/ (Depreciation)</i>
Focus Fund	\$52,056	\$0	\$0	(\$172,036)
Dividend Fund	\$0	\$0	(\$21,978)	\$115,078

(Continued)

Tilson Funds

Notes to Financial Statements

As a result of permanent differences between the financial statement and income tax reporting requirements, the following reclassifications, shown in the following table, were made for the period ended October 31, 2005. These reclassifications had no effect on the net assets or the asset value of the Funds.

Fund	Increase (Decrease) in Undistributed		
	Paid-in Capital	Net Investment Income	Net Realized Gain (Loss) on Investments
Focus	\$0	\$38,413	(\$38,413)
Dividend	(\$2,206)	\$2,269	(\$63)

Accumulated capital losses noted below represent net capital loss carry-forwards, as of October 31, 2005, that may be available to offset realized capital gains and thereby reduce future taxable gains distributions. The following table shows the expiration dates of the carryovers.

Capital Loss Carry-forward Expiration Schedule

For the period ended October 31, 2005

Fund	October 31, 2013
Focus Fund	\$0
Dividend Fund	\$21,978

The aggregate cost of investments and the composition of unrealized appreciation and depreciation of investment securities for federal income tax purposes as of October 31, 2005, are shown in table below.

Fund	Federal Tax Cost	Aggregate Gross Unrealized Appreciation	Aggregate Gross Unrealized Depreciation
Focus Fund	\$6,131,275	\$206,935	(\$378,971)
Dividend Fund	\$3,567,029	\$219,155	(\$104,068)

The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations which may differ from generally accepted accounting principles. These differences are due to differing treatments for items such as net short-term gains, deferral of wash sale losses, foreign currency transactions, net investment losses and capital loss carry-forwards. Permanent differences such as tax returns of capital and net investment losses, if any, would be reclassified against capital. There were no dividends or distributions of net investment income or net realized gains paid by either Fund during the period ending October 31, 2005.

6. Capital Share Transactions

Period from March 16, 2005 (Date of Initial Public Investment) to October 31, 2005	Focus Fund	Dividend Fund
Transactions in Fund Shares		
Shares sold	635,904	376,648
Reinvested distributions	-	-
Shares repurchased	(4,795)	(5,019)
Net Increase in Capital Share Transactions	631,109	371,629
Shares Outstanding, Beginning of Period	10,000	-
Shares Outstanding, End of Period	641,109	371,629

Tilson Funds

Additional Information (Unaudited)

1. Proxy Voting Policies and Voting Record

A copy of the Trust's Proxy Voting and Disclosure Policy and the Advisor's Proxy Voting and Disclosure Policy are included as Appendix B to the Funds' Statement of Additional Information and is available, without charge, upon request, by calling 1-800-773-3863. Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, 2005 will be available (1) without charge, upon request, by calling the Funds at the number above and (2) on the SEC's website at <http://www.sec.gov>.

2. Quarterly Portfolio Holdings

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov>. You may review and make copies at the SEC's Public Reference Room in Washington, D.C. You may also obtain copies after paying a duplicating fee by writing the SEC's Public Reference Section, Washington, D.C. 20549-0102 or by electronic request to publicinfo@sec.gov, or is available without charge, upon request, by calling the Fund at 1-800-773-3863. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 202-942-8090.

3. Additional Information about Trustees and Officers

The business and affairs of the Funds and the Trust are managed under the direction of the Trustees. Information concerning the Trustees and officers of the Trust and Funds is set forth below. Generally, each Trustee and officer serves an indefinite term or until certain circumstances such as their resignation, death, or otherwise as specified in the Trust's organizational documents. Any Trustee may be removed at a meeting of shareholders by a vote meeting the requirements of the Trust's organizational documents. The Statement of Additional Information of the Funds includes additional information about the Trustees and officers and is available, without charge, upon request by calling the Funds toll-free at 1-888-4TILSON (1-888-484-5766). The address of each Trustee and officer, unless otherwise indicated below, is 116 South Franklin Street, Rocky Mount, North Carolina 27804. The Independent Trustees received aggregate compensation of \$5,000 during the fiscal year ended October 31, 2005 from each Fund for their services to the Funds and Trust. The Interested Trustee and officers did not receive compensation from the Funds for their services to the Funds and Trust.

Name, Age, and Address	Position(s) held with Fund/Trust	Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Independent Trustees					
Jack E. Brinson, 73	Trustee	Since 12/2004	Retired; Previously, President of Brinson Investment Co. (personal investments) and President of Brinson Chevrolet, Inc. (auto dealership)	2	Mr. Brinson serves as an Independent Trustee of the following: The Nottingham Investment Trust II for the six series of that trust; New Providence Investment Trust for the one series of that trust; Gardner Lewis Investment Trust for the three series of that trust; Hillman Capital Management Investment Trust for the two series of that trust; and The Piedmont Investment Trust for the one series of that trust (all registered investment companies)

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Tilson Funds

Additional Information (Unaudited)

Name, Age, and Address	Position(s) held with Fund/Trust	Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Theo H. Pitt, Jr., 69	Trustee	Since 12/2004	Senior Partner of Community Financial Institutions Consulting, since 1997; Account Administrator of Holden Wealth Management Group of Wachovia Securities (money management firm), since September, 2003	2	Mr. Pitt serves as an Independent Trustee of the following: Gardner Lewis Investment Trust for the three series of that trust; Hillman Capital Management Investment for the two series of that trust; and The Piedmont Investment Trust for the one series of that trust (all registered investment companies)
Interested Trustee*					
Whitney R. Tilson, 38 T2 Partners Management LP 145 East 57 th Street, Suite 1100 New York, NY 10022	Trustee, President (Principal Executive Officer)	Since 12/2004	Founder and Managing Partner, T2 Partners Management, LLC (formerly Tilson Capital Partners LLC) and various affiliated entities since 1998	2	Member of the Board of Directors of Cutter & Buck Inc., since September, 2004
Basis of Interestness: Mr. Tilson is an Interested Trustee because he is a Managing Member of T2 Partners Management LP, the investment advisor of the Funds.					
Officers					
Glenn H. Tongue, 45 T2 Partners Management LP 145 East 57 th Street, Suite 1100 New York, NY 10022	Vice-President, Treasurer (Principal Financial Officer)	Since 12/2004	Fund Manager, T2 Partners Management, LLC since April, 2004; Investment Banker, UBS (investment banking firm) from January 2002 to March 2003; previously, Executive, DLJdirect (on-line brokerage firm)	n/a	n/a
Tracey L. Hendricks, 38	Assistant Secretary	Since 12/2004	Vice President of Financial Reporting, Tax, Internal Audit, and Compliance of The Nottingham Company (administrator to the Funds) since 2004; previously, Vice President of Special Projects of The Nottingham Company from 2001 to 2004	n/a	n/a
Julian G. Winters, 36	Secretary and Assistant Treasurer	Since 12/2004	Vice President, Compliance Administration of The Nottingham Company	n/a	n/a

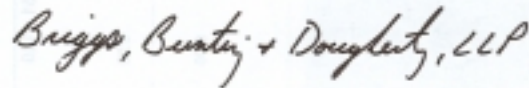
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Board of Trustees of
Tilson Investment Trust
and Shareholders of the Tilson Focus Fund
and the Tilson Dividend Fund**

We have audited the accompanying statements of assets and liabilities of the Tilson Focus Fund and the Tilson Dividend Fund, each a series of shares of Tilson Investment Trust, including the schedules of investments, as of October 31, 2005, and the related statements of operations, the statements of changes in net assets and the financial highlights for the period March 16, 2005 (date of initial public investment) through October 31, 2005. These financial statements and financial highlights are the responsibility of the Funds' 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 October 31, 2005 by correspondence with the custodian and brokers. 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 the Tilson Focus Fund and the Tilson Dividend Fund as of October 31, 2005, the results of their operations, the changes in their net assets and their financial highlights for the period March 16, 2005 through October 31, 2005, in conformity with accounting principles generally accepted in the United States of America.



BRIGGS, BUNTING & DOUGHERTY, LLP

**Philadelphia, Pennsylvania
November 29, 2005**

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**The Tilson Funds
are a series of the
Tilson Investment Trust**

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**Tilson
Investment
Trust**