May 28, 2010

Dear Tilson Focus Fund and Tilson Dividend Fund investors:

In the first half of the 2010 fiscal year, for the six-month period ending on April 30, 2010, the Tilson Focus Fund had produced a total return of 30.46%, versus a 17.90% return over the same period for its benchmark, the Dow Jones Wilshire 5000 Composite Total Return Index (full cap), while the Tilson Dividend Fund produced a total return of 19.50% versus a 19.34% return over the same period for its benchmark, the Dow Jones U.S. Select Dividend Total Return Index.

For the cumulative period since the Funds' inception on March 16, 2005, the Tilson Focus Fund returned an annualized 5.47% return versus a 2.88% annualized return over the same period for its benchmark, while the Tilson Dividend Fund reported an annualized 9.68% return versus the -0.26% annualized return over the same period for its benchmark.

(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.)

Average Annual Total Returns Period Ended April 30, 2010	**Past 6 Months**	**Past 1 Year**	**Past 5 Years**	**Since Inception***
Tilson Focus Fund	**30.46%**	**70.72%**	**6.23%**	**5.47%**
Dow Jones Wilshire 5000 (Full Cap) Index	**17.90%**	**41.13%**	**3.73%**	**2.88%**
Tilson Dividend Fund	**19.50%**	**47.17%**	**9.98%**	**9.68%**
Dow Jones Select Dividend Index	**19.34%**	**42.37%**	**0.17%**	**-0.26%**

Performance shown is for the period ended April 30, 2010. 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 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 Funds' inception date is March 16, 2005.*

Total Annual Operating Expenses Period Ended April 30, 2009	**Net Expense Ratio**	**Gross Expense Ratio**
Tilson Focus Fund	**2.28%**	**4.01%**
Tilson Dividend Fund	**1.95%**	**4.13%**

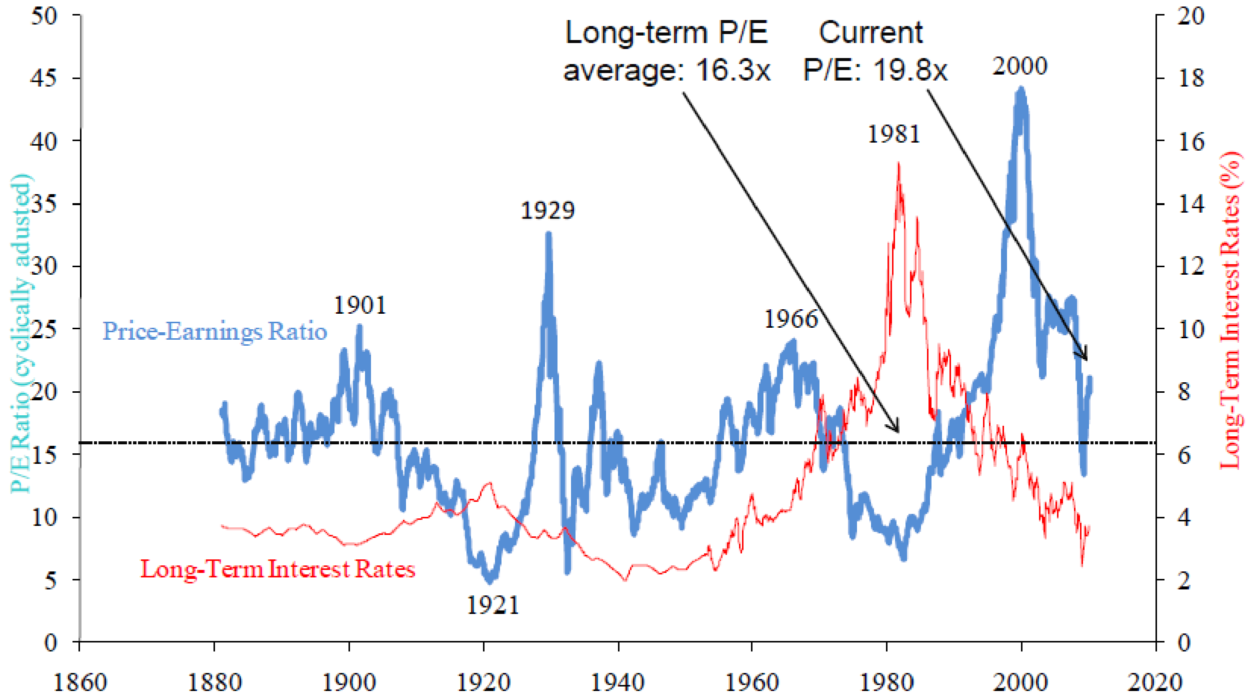
Gross expense ratio is from the Funds' prospectus dated March 1, 2010. The net expense ratio reflects a contractual expense limitation that continues through October 31, 2010. Thereafter, the expense limitation may be changed or terminated at any time. Performance would have been lower without this expense limitation.

Tilson Focus Fund
[This section is written by Whitney Tilson and Glenn Tongue, the co-managers of the Tilson Focus Fund.]

Our Fund has performed exceptionally well so far this fiscal year and over the trailing 12 months, benefitting from the fact that we didn't panic and sell during the carnage from late 2008 through early March 2009. Instead, we continued purchasing ever-cheaper stocks as they declined to truly ridiculous levels and, in fact, deliberately purchased some of the most beaten-down stocks in out-of-favor sectors such as General Growth Properties, American Express, Wells Fargo and Huntsman (we still hold the first two). Buying cheap stocks that became even cheaper caused our performance to suffer for a number of months, but we (and you) persevered and all of us have been well rewarded for our collective patience and courage.

Economic Outlook
Our big picture views haven't changed much our last letter to you (our 2009 annual report, which is posted at www.tilsonmutualfunds.com/reports.html): we remain cautious as there are many things that concern us – most importantly, nearly eight million Americans are not paying their mortgages, persistently high un- (and under-) employment, and continued high levels of fiscal and monetary stimulus, leading to large deficits.

In our opinion, we are in uncharted waters – yet the stock market is priced as if the seas are calm and the skies are clear. As this chart shows, the market is currently trading at a 21% *premium* to historical levels, which makes no sense to us based on the fundamentals and is instead most likely explained by a combination of likely-to-be-short-term factors: great year-over-year comparisons (it's easy to show growth vs. the near-Armageddon conditions a year ago), unsustainably low interest rates, excess liquidity, and momentum investing:



Source: http://www.econ.yale.edu/~shiller/data/ie_data.xls

Conference Call

We've scheduled a conference call from noon-1:30pm EST on Thursday, June 24th. To join the call, simply dial (712) 432-1601 and enter this access code: 1023274#. There will be a few minutes of opening remarks and then the managers of both Funds will be available to answer questions.

Largest Holdings

As of April 30th, our 10 largest holdings, accounting for 65.4% of the Fund's assets, were:

Position	% of Fund	6-mo. Performance*
1) Stock of General Growth Properties (GGP)	16.1%	284.8%
2) Stock and calls of Berkshire Hathaway (BRK.B)	13.4%	17.3%
3) Stock and warrants of Iridium (IRDM)	9.6%	-9.4%
4) Stock of AB Inbev (BUD)	5.5%	2.7%
5) Warrants on Liberty Acquisition (LIA-WT)	4.9%	190.7%
6) Stock of Resource America (REXI)	4.7%	53.1%
7) Stock of Sears Canada (SCC.TO)	3.0%	25.5%
8) Stock and warrants of Two Harbors (TWO)	3.1%	-8.4%
9) Stock of dELiA*s (DLIA)	2.7%	-17.5%
10) Stock of American Express (AXP)	2.4%	32.4%
Total:	**65.4%**	

* Performance from 10/30/09 through 4/30/10. Note that a number of these positions were acquired during the first half of the fiscal year, so the actual performance earned by the Fund may be different.

Please refer to the Schedule of Investments section of the Annual Report for a complete listing of the Fund holdings and the amount each represents of the portfolio.

There were four changes to the top 10 list during the first half of the fiscal year: General Growth leaped into the top 10 as its stock nearly quadrupled and we recently added significant positions in Anheuser Busch InBev, warrants of the Liberty Acquisition SPAC (Special Purpose Acquisition Company), and the stock of a former SPAC, Two Harbors. These four displaced Microsoft, Yahoo!, Pfizer and Fairfax Financial (all of which we still own) in the top 10.

We presented our analysis of General Growth, Berkshire Hathaway and Iridium publicly in early February, and have posted the presentation here: www.tilsonfunds.com/Harbor.pdf. In early May, we presented our latest analysis of the housing crisis and explained why we liked AB InBev, and have posted the presentation here: www.tilsonfunds.com/T2PartnersValueInvestingCongressPresentation-5-5-10.pdf.

Conclusion

While we are concerned about the macro environment and are taking steps to try to protect our portfolio from a market downturn, we are also energized and optimistic, with a great deal of confidence in our Fund's current holdings, which we believe are extremely attractive investment opportunities. We hope this letter helps give you similar confidence.

We thank you for your investment and support and look forward to many years of partnership.

Investment in the Tilson Focus Fund is subject to investment risks, including the possible loss of some or the entire principal amount invested. There can be no assurance that the Fund will be successful in meeting its investment objective. Investment in the Fund is also 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.

Tilson Dividend Fund

[This section is written by Zeke Ashton, the manager of the Tilson Dividend Fund.]

We are pleased with the performance of the Tilson Dividend Fund for the first six months of fiscal 2010. Despite being conservatively positioned and maintaining a high cash position, the Fund managed to produce total returns that slightly exceeded the performance of its benchmark, the Dow Jones Select U.S. Dividend Index. That said, we do not consider performance over a period as short as six months or even one year to be especially meaningful, preferring to measure ourselves over rolling 3-to-5 year time frames. This latter perspective allows us (and our investors) to gauge the Fund's performance over a more representative sample of market environments.

Performance Review

Keeping the timeframe mentioned above in mind, the Tilson Dividend Fund reached its five-year anniversary in March 2010. The last five years has offered virtually every kind of environment for stock market investors. The period began with a period of smoothly rising stock prices and low volatility (2005 and 2006), followed by a much choppier year with rising volatility (2007), and then a very severe bear market characterized by extraordinary volatility and historic price declines (2008 through early 2009). Finally, for the year ending April 30, 2010, the market was characterized by surging stock prices and low volatility similar to 2006. Given the wide variety of conditions over the past five years that included a bear market of historic proportions, we think that this period offers a good litmus test for the Fund's strategy.

So, how did we do? For the five years ended April 30, the Fund produced annualized average returns of 9.98%. This figure fell a little short of our internal goals of low double-digit annualized returns, but we consider the performance more than acceptable in light of the gale-force headwinds faced by investors during the past five years. And relative to other investing alternatives, the Tilson Dividend Fund performed extraordinarily well. The Fund's benchmark, comprised of 100 large cap stocks selected for dividend yield, dividend growth, and dividend payout ratio managed to produce an annualized return of less than 0.2% during the same period. Relative to other mutual funds, the Tilson Dividend Fund was ranked as the number one performing fund in the Equity Income category by Lipper for the 3-year and 5-year periods ending April 30, 2010. In addition, Morningstar, which classifies the Fund as "mid-cap blend", ranked it in the top 1% of all performers over the same time periods.

Overall, then, we consider the Fund's performance for its first five years to have been satisfactory on an absolute basis and excellent relative to the other investment alternatives that are comparable to the Fund and easily available to the individual investor.

Having reviewed the Fund's performance, we'd like to now spend some time reviewing the Fund's strategy and why we think it offers unique advantages to investors.

Strategy Review

Our strategy is designed for a slow and steady approach to accumulating value through three primary sources: 1) capital gains associated with the rise in value of our portfolio holdings over time; 2) the dividend income paid out to us by our portfolio companies; and 3) the option premiums we receive from selling call options against some portion of our various holdings.

(Please see the Fund prospectus for a full discussion on the risks and investment merits of writing covered call options).

We believe the attractiveness of the Fund's strategy lies in its all-weather nature. When the markets are strong, we expect our portfolio holdings to perform strongly and gain in price. We continue to receive dividends from our dividend paying stocks, while the call options we've sold (written against our non-dividend paying stocks) generally will cause us to have some portion of our holdings in those securities called away from us, hopefully at prices that reflect our estimate of fair value of those holdings. This generally results in some natural selling of securities during periods of stock market advancement.

When markets are weak, numerous studies show that high-dividend-paying stocks such as those we strive to own in our portfolio typically outperform non-dividend-paying stocks. This is because the attractive yield usually provides support to the stock price and, in addition, dividend-paying stocks often benefit from a "flight to quality" dynamic in which investors move from speculative securities to "safe" securities during times of uncertainty. Even in weak markets we expect to continue to receive dividend income from our dividend-paying holdings, which we can then re-deploy into those securities that we find most attractive, in an environment in which there are likely to be compelling values. At the same time, the call options sold against our portfolio generally decline significantly in value, earning us profits that we can then re-deploy to our favorite stock ideas.

Finally, should there be an extended period when markets are flat and exhibit neither a strong upward nor downward trend, we expect that the income from dividends and option premiums will allow us to produce acceptable returns that we can re-deploy into compelling new ideas as we identify them.

To Cover or Not to Cover

It is our view that selling covered calls isn't a strategy that makes sense all the time or on every stock. Very simply, it depends on the price we receive. To achieve the benefits offered by our strategy, we must be disciplined and sell covered calls only when we are adequately compensated for doing so. Done correctly, we believe selling covered calls both augments returns and lowers risk, which is a tough combination to find in the investing world. Selling covered calls at unattractive prices, on the other hand, is likely to actually reduce overall returns over a full market cycle without much of a benefit in terms of reduction in portfolio risk.

Last year we made a subtle change to the Fund's investment strategy by relaxing the requirement that every investment position produce income. This provides us the alternative to hold certain investments in the Fund that do not produce current income (either through dividends or covered call options) if we believe such securities offer significant potential for capital gains. Of course, we continue to strive to construct a portfolio that in aggregate offers total income that compares favorably to other income-oriented equity funds. However, we wanted to ensure that our strategy guidelines allow us to exploit the income opportunities to the fullest but do not inadvertently result in a failure to maximize other opportunities that offer the potential for significant capital appreciation as well. Most importantly, we didn't want to be captive to a strategy that forced us to accept unattractive option premiums on our portfolio holdings in order to meet the requirement to produce income from every position.

This change in strategy partially explains the significant drop-off in the number of covered calls we have written against the Fund's positions in early 2010 versus the comparable period in 2009. With the decline in market-wide volatility over the past year, we have found that the covered call premiums on the stocks in our portfolio have declined accordingly. This has made it less attractive to write covered calls, and as a result we haven't been as active in doing so. The recent spike in volatility in May has done wonders for covered call premiums, however, and therefore we would expect to write covered calls on more of our holdings in the next few months as premiums become more attractive.

Portfolio Update

As of April 30, 2010, the Tilson Dividend Fund was approximately 77% invested in equities, spread across 25 holdings. Cash and money market funds represented approximately 23% of the Fund's assets. Notional covered call liabilities came to less than 0.5% of the Fund's assets, compared to over 5% of the Fund's assets at the same time last year, due to the low volatility environment that we described above.

At April 30, 2010, our top 10 positions were as follows:

Position	% of Fund
1) LabCorp (LH)	5.5%
2) Vodafone (VOD)	5.3%
3) EMC Corp (EMC)	5.0%
4) Madison Square Garden (MSG)	4.0%
5) Alleghany (Y)	4.0%
6) Northrop Grumman (NOC)	4.0%
7) Fidelity National Financial (FNF)	4.0%
8) MVC Capital (MVC)	3.7%
9) MIND C.T.I. (MNDO)	3.7%
10) GameStop (GME)	3.5%
Total:	**42.7%**

With the strategy change described above, we expect that our holdings in the Tilson Dividend Fund will fall into one of three categories, in rough order of preference: 1) securities that we believe are both undervalued and offer above-average dividend yields; 2) securities that we believe are undervalued that we can pair with covered calls to create a satisfactory total return investment; and 3) securities that we believe are deeply undervalued and offer reasonable safety, but which don't currently pay a meaningful dividend or offer attractive covered call premiums.

While we generally prefer for the majority of the Fund's holdings fit into the first two categories, we believe having some component of categories #3 is advantageous to the portfolio. For example, many dividend yielding stocks trade in a correlated fashion and events such as changes in interest rates or dividend taxes will obviously have an outsized effect on these stocks. Having some securities in our portfolio that don't share similar characteristics and are classified differently by the markets offers us certain diversification benefits even within the context of a portfolio as concentrated as ours.

Thoughts on Recent Market Conditions

As of this writing in late May, the stock market has sold off significantly from the levels seen at the end of April, with a corresponding spike in volatility. Like everybody else, we don't enjoy watching the prices of our portfolio holdings decline. However, we believe we are well positioned to take advantage of the bargains that are likely to come from an increase in fear and uncertainty in the markets, given the significant amount of un-invested cash we have to deploy. Furthermore, the increase in volatility is likely to dramatically increase the opportunities for us to pair our stock purchases with attractive covered call options.

Overall, we hope that you share our view that rapid stock market increases are opportunities to sell fully-valued securities, while stock market sell-offs bring opportunities to buy undervalued securities and increase our portfolio's income production. The truth is that we need the occasional market sell-off, uncomfortable though they can be at the time, in order to re-load our portfolio with new and compelling investments.

We will make every effort to continue to execute on the Fund's unique, value-oriented strategy in order to produce satisfactory total returns to our investors over time with acceptable risk. Thank you for your continued confidence in the Tilson Dividend Fund.

Investment in the Tilson Dividend Fund is subject to investment risks, including the possible loss of some or the entire principal amount invested. There can be no assurance that the Fund will be successful in meeting its investment objective. Investment in the Fund is also 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.

Sincerely yours,

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

Zeke Ashton, Portfolio Manager, Tilson Dividend Fund

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 Dow Jones Wilshire 5000 Composite Total Return Index (full cap) 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 indices (like the Dow Jones Wilshire 5000 Index 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.