June 14, 2006

Dear Tilson Mutual Funds investor:

The Tilson Focus Fund and the Tilson Dividend Fund both had solid first quarters for the three months ending March 31, 2006, rising more than 4%, and both funds celebrated their one-year anniversary on March 16, 2006.

Performance as of March 31, 2006

	Tilson Focus Fund	**Dow Jones Wilshire 5000 Composite Total Return Full Cap Index**
3 Month Total Return	**4.09%**	**5.54%**
1 Year Total Return	**8.22%**	**14.96%**
Average Annual Total Return Since Inception*	**7.26%**	**12.73%**

	Tilson Dividend Fund	**Dow Jones Select Dividend Total Return Index**
3 Month Total Return	**4.64%**	**3.02%**
1 Year Total Return	**14.31%**	**8.57%**
Average Annual Total Return Since Inception*	**14.37%**	**6.57%**

Performance shown is for the period ended March 31, 2006. 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.***

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

Consistent with our long-term investment philosophy, in the first quarter we added only three new positions, none of which was among our 10 largest, and did not sell a single share of stock. There was quite a bit of buying activity, however, as we added to many existing positions in differing quantities such that our 10 largest holdings as of March 31st were:

Position	% of Fund	Q1 Performance
1) Stock and calls of McDonald's (MCD)	14.0	1.9
2) Stock of Berkshire Hathaway (B shares) (BRK.B)	9.9	2.6
3) Stock and calls of Microsoft (MSFT)	8.3	4.1
4) Stock and calls of Wal-Mart (WMT)	7.4	0.9
5) Stock of Lear Corp. (LEA)	7.4	-37.7
6) Stock and calls of Anheuser Busch (BUD)	7.2	-0.4
7) Stock and calls of Wendy's (WEN)	6.8	12.3
8) Stock of Resource America (REXI)	5.6	16.8
9) Stock and calls of Costco (COST)	5.3	9.5
10) Stock of Sears Holdings (SHLD)	4.3	14.1
	Total: 76.2	

As you can see, many of our largest positions, led by Resource America, contributed to our fund's first quarter performance, with the notable exception of Lear (discussed further below).

Resource America
Ken Shubin Stein of Spencer Capital discussed Resource America in the latest February 28, 2006 issue of *Value Investor Insight ("VII")* (Whitney Tilson is the co-founder and co-Editor-in-Chief of VII):

> **Tell us about one of your much lower profile ideas, Resource America [REXI].**
>
> Shubin Stein: This company that has been run for many years by the Cohen family, first Ed and now his son Jonathan. They start businesses, grow them and sell them – and have proven that creating shareholder value is embedded in their DNA.
>
> The last five public entities the Cohens have spun off or IPO'd have annualized returns of 26%, 29%, 22%, 25% and 129% since going solo. They usually retain interests in these companies to the ongoing benefit of Resource America, while they build new businesses within it.
> The investment thesis here is straightforward. The market cap is $300 million. There are $150 million in excess assets on the balance sheet – not needed to

support the business – in the form of cash, investments and income-producing real estate.

They also own a small-equipment leasing company, which will do over $500 million in loan originations by the end of this year. They lease things like telephone systems and high-end copiers for small businesses. In an interesting twist, Resource America built and sold the same type of business with the exact same management team in the 1990s. It was eventually owned by Citigroup, which released the management from their non-competes and they went back to REXI and started the same business all over again.

The leasing company alone is worth $200-250 million if they sold it, which they could do easily. They've already had people approach them to buy it.

So you're already seeing asset value above the current market price?

Shubin Stein: And that doesn't include their asset-management business, which I estimate is worth another $300 million. The company manages over $8 billion in a host of different types of funds – in things like private equity, real estate and collateralized debt obligations – that are sold through several channels, including independent financial planners and brokers. The business is growing nicely and should reach $10 billion in assets within two years.

The stock trades at $16.50 and you estimate the assets at more than twice that. Why the disconnect?

Shubin Stein: I think there are a few things. First, the businesses are a bit complicated. Some of the funds invest in pretty unusual stuff. One makes leveraged investments in savings and loans through securities called trust preferreds. To value those, you have to understand some arcane aspects of S&L regulation and also understand what trust preferreds are.

In addition, the company is obscure and nobody follows it. On the last earnings call there were two people, Leon Cooperman [of Omega Advisors] and me.

There are also related-party transactions with the Cohens that make some people uncomfortable. We've put hundreds of hours into analyzing the data and we see nothing but a long and distinguished history of shareholder focus and value creation on their part.

This is just tremendously undervalued. It's an asset play you could break up and sell for a lot more than the market value. You also have great management, which provides call options on their continuing ability to create value and start new businesses we don't even know about yet.

Lear
One of the most fertile areas for finding undervalued stocks are industries that are distressed, in which the stocks of good companies are often sold indiscriminately along with the bad ones. We believe Lear is a good example of this phenomenon.

Lear is one of the largest manufacturers of automotive seats and interior components in the US. Its stock was the worst performer on the New York Stock Exchange last year, falling 52%, and it dropped another 38% in the first quarter of this year.

So why on earth would anyone want to own Lear's stock? Very simply, we think Lear is a good company – in a terrible industry, to be sure – and the stock's sell-off is way overdone. Over the past 10 years, Lear has consistently generated returns on tangible capital of more than 25 per cent and earned more than $5 a share in both 2003 and 2004. As of the end of the quarter, the stock was trading at approximately *three times* that level of earnings.

Of course, earnings have been dismal over the past year, but we believe Lear's business – and stock – will rebound so we more than tripled the size of the position during the first quarter. It may not be a smooth ride but no one said uncovering hidden value was easy.

Investment in the Tilson Focus Fund 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.

Tilson Dividend Fund
[This section is written by Zeke Ashton and Matthew Richey, the co-managers of the Tilson Dividend Fund.]

We were generally pleased with the performance of the Tilson Dividend Fund in the first quarter of 2006, though we base our judgment on several factors in addition to the short-term financial performance of the portfolio. After a period of relatively little selling activity, we eliminated five positions in the portfolio during the first quarter of 2006 – four at a profit and one at a loss. We sold the fund's holdings in Alliance Capital (now AllianceBernstein), Aber Diamond, and Atlantic Tele-Network due to those stocks appreciating in value to the point where they were no longer demonstrably undervalued. Our shares in Cree, Inc, against which we had sold covered call options, ended up being called away from us at a total price that we felt also reflected fair value. Our one holding that resulted in a negative outcome during the quarter was QLT, Inc, a specialty drug manufacturer that we ultimately decided to sell due to mounting risk factors.

For our value-based approach to succeed, it is important for us to sell our holdings when they reach a price at which the business is being fully valued, and thus such turnover should be considered positive and productive. However, in order to stay fully invested, we generally need to be productive in identifying new ideas of similar quality to add to the portfolio. We identified three such securities in the first quarter that we believe met our criteria for purchase: Fidelity National Title (6.0% of the total portfolio), Precision Drilling Trust (6.2%), and Value Line, Inc. (2.5%).

Fidelity National Title is the leading title insurer in the United States, with approximately 30% market share, and was recently spun-off from Fidelity National Financial, a company that has a remarkable record of value creation. Title insurance companies are routinely assigned very modest valuations by the market due to their perceived cyclicality and the lack of obvious growth prospects. Today, we believe that concerns about interest rate trends and the likelihood of slowing real estate activity are also weighing on the industry. We believe that although the company's profitability will have some correlation to the housing market, Fidelity National Title will generate significant cash flow over any multi-year period. In addition, the newly spun-off company will prioritize the deployment of that cash to support a sizable dividend that we believe will grow at reasonable rates over time. In short, Fidelity National Title fits our strategy very well – it's a high quality business, but it competes in a very boring industry that is also facing temporary headwinds. This negative investor sentiment has resulted in what we believe to be an attractive purchase price for investors who are willing to accept some uncertainty of near-term profitability in return for a very high chance of long-term value creation.

Investment in the Tilson Dividend Fund 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.

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

Sincerely yours,

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

Zeke Ashton and Matt Richey
Co-Portfolio Managers, 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 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 indices (like the 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.

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