



**For Immediate Release:**

**TFS Market Neutral Fund -- The Best Mutual Fund of 2006?**

Richmond, Virginia – January 25, 2007

The **TFS Market Neutral Fund (Ticker: TFSMX)** ended 2006 as the #1 ranked mutual fund in Morningstar's Long-Short category. Through December 31<sup>st</sup>, **TFSMX** had a trailing one-year return of 24.19%. **TFSMX** beat its closest competitor in the category by 6.82%, and beat the category average for the year by 17.09%.

**TFSMX** has achieved this return with about 42% less volatility than the S&P 500, since inception. **TFSMX** holds a widely diversified portfolio of securities. At the end of December, the fund held 213 positions long and 185 positions short.

**TFS Capital LLC ("TFS")** launched the **TFS Market Neutral Fund** in September 2004. Complementing the private hedge funds the firm currently manages, the mutual fund will allow **TFS** to provide investment opportunities to non-qualified investors who are unable to meet the minimum requirements needed for the private investment funds. The mutual fund is a no-load product, requires an initial minimum investment of \$5,000 and it is open to all suitable investors.

With the S&P 500 up 15.8% in 2006, there are many mutual funds that can claim to have had a very good year. But if you had to choose one fund as the very best fund of the year, how would you do it? Here are some of the criteria you might use, along with statistics about the **TFS Market Neutral Fund**.

Maybe the best fund of the year would:

- **Lap the field in its category**

The best fund would not only finish first in its category, but it would beat everyone else by a wide margin. In Morningstar's Long-Short category, **TFSMX** finished first and beat the second place fund by 6.8 percentage points—a 39% increase in return over second place. That 39% is the largest margin of any domestic stock fund.

- **Crush the S&P 500 without breaking a sweat**

Out of the thousands of mutual funds out there, hundreds beat the S&P by 50% or more. That translates into a return of 23.7% or more. Of those hundreds of funds, **TFSMX** had the lowest volatility. Look at any fund you want, in any category: Fixed income, REITs, International. **TFSMX** had a better combination of risk and return.

- **Offer a lot of upside while minimizing the downside**

During the 25 best days for the S&P in 2006, **TFSMX** had a beta of 0.80 relative to the S&P 500. Over all other days, the beta was 0.23.

- **Add eye-popping value to its investors.**

In 2006, **TFSMX** generated 18.9% Alpha compared to its standard index and 14.8% Alpha compared to its best fit index. Of the thousands of funds in existence, only 6 other domestic equity funds generated more Alpha compared to their best fit indices in 2006.

What was the best mutual fund of 2006? It's easy to argue over the answer. We argue that the answer is the **TFS Market Neutral Fund**.

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Questions?

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*Important Disclosures - The performance data quoted represents past performance, which is not a guarantee of future results. Current performance may be lower or higher than the performance data quoted. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund charges a 2% redemption penalty on shares invested for less than 180 days. If shares are redeemed within the 180 day period, investment returns would be reduced from those shown above. You may obtain a Fund prospectus or performance to the most recent month-end by visiting [www.TFSCapital.com](http://www.TFSCapital.com) or by calling 888.837.4446. An investor should read the prospectus carefully and consider the Fund's investment objectives, risks, charges and expenses before investing. The Fund may not be suitable for all investors. Lehman Brothers Aggregate Bond Index is a diversified portfolio of US investment grade bonds. The S&P 500 Index represents the common stocks of 500 widely-held US companies as selected by Standard & Poor's at their discretion.*

*The following "risk" information is being provided to help you better understand the unique risks associated with investing in TFSMX. As a result of TFSMX's use of short selling, TFSMX will not participate to the same level as a long-only mutual fund in a bull market. In addition, TFSMX will have a high portfolio turnover rate which will increase the transaction costs of the Fund. When TFSMX uses leverage it will exaggerate any increase or decrease in the Fund's net asset value. A more detailed discussion of the Fund's risks, including risks that are unique to the Fund, can be found in its prospectus. An investment in the TFS Market Neutral Fund should not be construed as an investment in an index or in a program that seeks to replicate any index. Beta is a measure of a portfolio's volatility, or systemic risk, in comparison to the market as a whole. Alpha is the abnormal rate of return on a portfolio in excess of what would be predicted by its risk. Distributed by Ultimus Fund Distributors, LLC.*